

BANKERS ASSOCIATION

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FEBRUARY, 1941

WASHINGTON . . . CONSUMER CREDIT . . . INSURANCE LEGAL ANSWERS . . . TAXATION . . . OVERTIME PAYMENT NEW BOOKS . . . PEOPLE YOU KNOW . . . BOOKLETS



What your customer SEES is the visible package in which your service comes. Hand him a sleek Lifetime for his signature. Let him find handsome Sheaffer Lifetime Dry-Proof desk sets on every desk. They proclaim soundness and efficiency.

Give employees that same writing effectiveness, too. Banking is largely figuring and writing-surely it deserves to be well done.

Sheaffer's Balance design banishes fatigue, that prime cause of clerical error. For neat, accurate work, nothing is more visible or more swift than the dense crisp line of Sheaffer's Fineline pencil, or the clean gliding hairline made by the back of a Feathertouch pen . . . Each is the banker's idea of perfect writing tools. Equip now-for life!

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TORONTO, ONTARIO, CANADA

Vaults are flimsy guards against changed or fading records!

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Sheaffer's Red, and Black, Blue-Black or Blue, SKRIP is the only non-sediment-forming PERMA-NENT writing fluid combination. You urge customers to guard their checks; as part of your service, advise them to protect all their records against dampness, age or alteration with Sheaffer's Permanent SKRIP.

> FREE! Working samples of SKRIP, for you or your bank's customers, and booklet that makes you an authority in the fascinating realm of writing fluid and record protection.

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JUST A MINUTE

DONT TELL AUNTY & UNCLE OR COUSIN JANE

Posters warning that idle talk may reveal military secrets have appeared in this country. They follow British styles

Billions for Defense

AND CERTAINLY NOT

Undoubtedly you've noticed that the change of a single letter modernizes Mr. Pinckney's memorable declaration about dollars and defense. More accurately, it modernizes the first phrase. However, that is enough, for at the moment we're unconcerned with the part about tribute and pennies.

Bankers' participation in the great national effort of providing security insurance is eager and active. All over the country banking institutions are cooperating to facilitate the smooth flow of funds into industries that are called upon to expand for the production of goods needed by Uncle Sam.

To suggest the extent of the preparations bankers have made toward being of greatest assistance, we publish on pages 84–85 a chart showing the network of local groups that stem from the National Defense Loans Committee (CONTINUED ON PAGE 3)

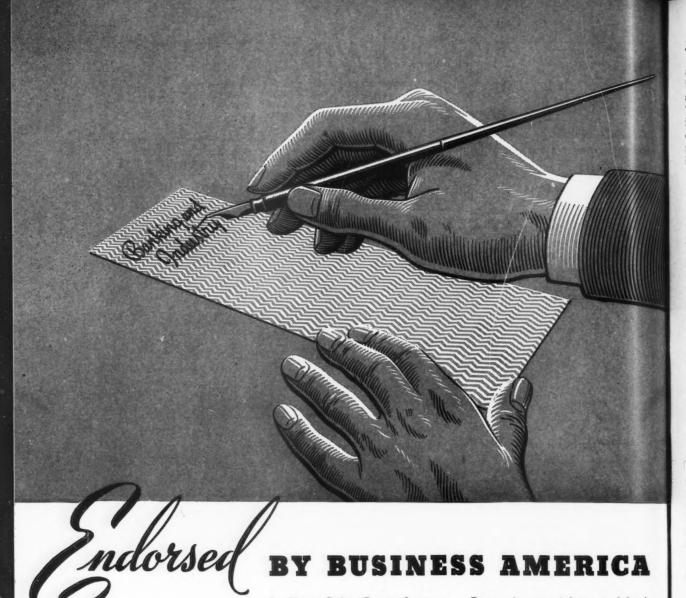
BANKING JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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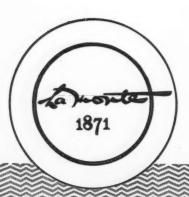


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GEORGE LA MONTE & SON Nutley New Jersey

JUST A MINUTE-Continued

appointed by President Houston of the American Bankers Association, and a brief outline of their work. Through these men the task of providing defense finances through normal channels is being decentralized, which means, so far as possible, local loans for local industry.

The Bank Meetings

Many of the bank stockholders' meetings that cluster around mid-January heard about defense lending this year. Presidents, board chairmen or other spokesmen in numerous instances noted a more active current market for loans and told of their institutions' efforts to serve borrowers seeking to increase the facilities of industrial plants.

There wasn't time for BANKING to make a survey of what went on at these annual gatherings across the country, but from available reports it looks as though the outlook, viewed through business glasses, had been labelled "encouraging."

World affairs naturally had a prominent place in the remarks which many bank executives made to their stockholders; and some also took occasion to point out the importance of having defense borrowing, so far as possible, done from the country's vast reservoir of savings rather than from commercial bank credit—that is, if inflation is to be avoided.

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OURS MAY be, but the Government has plenty on hand.

We refer to "Selling to the Navy" and "Army Purchase Information Bulletin 1940." Banking has a few copies of each in the office and will be glad to send them to inquirers as long as they last

The booklets are useful to bank customers who are doing business with the country's military and naval establishments.

"Wise National Housekeeping"

Another Englishman joins our contributors this month. He is Dr. H. C. F. Holgate whose "England's Inflation Preventives" is a timely commentary on national economy during an all-out war.

Among many other things, Dr. HOL-GATE speaks about "the task of wise national housekeeping."



"Henry and I don't have a joint checking account any more. . . . I always beat him to drawing it out and you know what a poor loser he is"

A good phrase, said the editorial staff, and filed it for use in this column.

The author, a Ph.D., wrote that this was the first time he had submitted an article for publication in the United States. He is a Fellow of the Institute of Bankers.

Pictures . . . with Words

ARTHUR BRISBANE, as we're reminded elsewhere in this issue, once appraised a picture as worth a thousand words—or was it ten thousand?

On pages 24 and 25 you'll find 32 pictures, each accompanied by just enough words to carry along the thread of another Irwin-Kirkpatrick fable. This one, like its immediate predecessors, is about insurance.

If Mr. Brisbane's estimate is correct—and who are we to say it isn't?—these two pages are equivalent to a fair-sized book.

How's that for value?

To say nothing of time and space economy.

Banking Under the Northern Lights

CURTIS ADAMS, executive vice-president of the Bank of Fairbanks, Alaska, sends us some notes on bank advertising in that quarter.

Newspaper advertising, he reports, has been rather spasmodic and the bank has depended more on radio broadcasting, which has brought satisfactory results.

"We are in need," he goes on, "of some assistance as neither the local broadcasting station nor our information bureau is very complete on subjects for banking purposes.

"We have inaugurated several new (CONTINUED ON PAGE 5)

SPECIALISTS IN

UNITED STATES GOVERNMENT SECURITIES

GUARANTEED ISSUES FEDERAL LAND BANK OTHER AGENCY ISSUES TERRITORIAL AND MUNICIPAL BONDS

C.J. DEVINE & CO.

48 WALL STREET, NEW YORK

HAnover 2-2727

CHICAGO · BOSTON · PHILADELPHIA CINCINNATI · ST. LOUIS · SAN FRANCISCO

Direct Wires to all Offices

R. G. RANKIN & CO.

CERTIFIED
PUBLIC
ACCOUNTANTS

NEW YORK
CHICAGO
WASHINGTON

We've gone "EXTENDED COVERAGE"!

Extended Coverage was always here—practically in our midst. But it took Agent Brown to point out how inexpensively it adds seven vital coverages to the fire policy. That's when "Jonesy"—Vice President Jones—concluded that all properties in the bank's control are candidates for Extended protection. Here's the story:



Agent Brown claimed that the Extended Coverage Endorsement m-u-l-1-i-e-s property protection at precious little added cost.



Our Real Estate Committee expressed concern about the frequent outcrop of hazard. "Jonesy" got my signal and started off on Extended Coverage.



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VP Jones didn't click immediately. Said he'd mull it over. Told me to make a note of Extended Coverage. "Best Insurance Bargain," I added.



Al.

Now everything's fine. Without a murmur the Committee passed on the slight extra cost for m-u-l-i-i-p-l-i-e-d protection.







S.
Banks and borrowers
please note: It costs
very little more to
complete your protection by adding
the Extended Coverage Endorsement to
the fire policy.



THE HOME INSURANCE COMPANY NEW YORK

FIRE-AUTOMOBILE-MARINE and ALLIED LINES OF INSURANCE

JUST A MINUTE—Continued

practices in Alaska which are old practices in the States. Few people know anything about instalment buying as 90 per cent of purchases are handled upon the good old Western plan of charge accounts.

"With a change in conditions due to new residents, this privilege is being abused although local merchants are not yet fully aware of its occurrence and the remedies.

"We have also initiated service charges which are new to this part of Alaska. We are trying to build up a closer customer relationship."

The bank is trying to adapt banking "to local conditions on all phases: instalment loans, life insurance loans, real estate improvement loans, and car financing, including an invitation for anyone to discuss any problem with us at any time."

The bank opened last Summer.

Pater Patriae—Aetat V

A YEAR AGO this department appropriated from an ancient copy of Parson Weems' "Life of George Washington" the story of the cherry tree in its original form.

This year we observe February 22 by going to the same source for another elevating account of little George's moral education as imparted by a conscientious father. The anecdote, Weems says, was related to him by a relative of the Washingtons.

"On a fine morning," said she, "in the fall of 1737, Mr. Washington, having little George by the hand, came to the door and asked my cousin Washington and myself to walk with him in the orchard, promising he would show us a fine sight. On arriving at the orchard, we were presented with a fine sight indeed. The whole earth, as far as we could see, was strewed with fruit: and yet the trees were bending under the weight

"'Now, George,' said his father, 'look here, my son! don't you remember when this good cousin of yours brought you that fine large apple last spring, how hardly I could prevail on you to divide with your brothers and sisters; although I promised you that if you would but do it, God Almighty would give you plenty of apples this

"Poor George could not say a word; but hanging down his head, looked quite confused, while with his little naked toe he scratched in the soft ground. 'Now look up, my son,' continued his father, 'look up, George! and see there how richly the blessed God has made good my promise to you. Wherever you turn your eyes, you see the trees loaded with fine fruit; many of them indeed breaking down, while the ground is covered with mellow apples more than you could ever eat, my son, in all your life time.'

"George looked in silence on the wide wilderness of fruit; he marked the busy humming bees, and heard the gay notes of birds, then lifting his eyes filled with shining moisture, to his father, he softly said, 'Well, Pa., only forgive me this time; see if I ever be so stingy any more."

Vanity, Vanity?

THAT'S PROBABLY the word for itbut we can hardly wait until we see how the appended paragraphs look on this

They were lifted boldly, and with

How many Personal checking accounts do you have in your bank? 100,000? 50,000? 10,000? 5,000? 1,000?

> No matter how many or how few your checking accounts, everyone would like to have his own personalized checks.

500?

And now the price is well within the reach of all 200 for \$1.25 - and with each original order we furnish a genuine leather cover, gold stamped with your customer's name. (See cut below.) It's a hit!

> Write for the interesting details

CHECK PRINTERS

Lithographers and Printers

NEW YORK KANSAS CITY Plants at CHICAGO

CLEVELAND





Personal Loan Insurance

Increase your Personal Loan volume through our Personal Loan Life Insurance which operates without cost to the bank - and pays the note in the event of the borrower's death. We have always specialized exclusively in providing Personal Loan Insurance for Banks. Complete information upon request.

We Solicit Inquiries from banks

The Credit Life Insurance Co.

President

JOHN F. HOLLENBECK Springfield. Whio



The point is that Liberty Storage Boxes provide the best economical method for storing inactive records.

There are 22 years of experience behind the Liberty Storage Box—22 years of specializing in record storage and that only. To accumulate 78,000 users over a 22 year period is an enviable record for any product—only a leader could do it.

Typical users of Liberty Storage Boxes are: Western Electric, Chevrolet, American Airlines, Harvard University, and American Can.

A request on your letterhead will bring Free Sample for letters, checks, deposit slips or any one of the 23 standard sizes available. No obligation.

BANKERS BOX COMPANY

Serving the Business that Builds Baltimore

SINCE 1894



MARYLAND TRUST COMPANY BALTIMORE

Member of the Federal Reserve System and of the Federal Deposit Insurance Corporation many thanks, from one of the bulletins mailed now and then to members of the California Bankers Association by J. E. Drew, its director of public relations.

Here goes:

Through subscriptions underwritten by local bankers the libraries of more than 135 California high schools receive copies of BANKING, the official publication of the American Bankers Association.

Teachers and bankers alike report that students studying money and banking, economics and business administration prize this magazine highly and use it extensively as a reference.

This interesting and very readable publication is a gold mine of factual material prepared by recognized experts and should be in the library of every high school and college in the country. Its well written articles on current economic, financial, social and governmental problems provide the students with information whereby they may expose economic fallacies, refute radical theories and thoroughly understand the fundamental principles under which American banking and business operate.

Well, we hope we deserve those kind words.

Bank Party

IN ADDITION to giving an annual party for its stockholders—an event previously reported by Banking—the Kanabec State Bank of Mora, Minnesota, is also host each year at a party for the men and women who run the creameries in the territory it serves.

The local newspaper covered the 1940 affair much better than we could, so here is its account, in part and in facsimile:

ANNUAL BANK PARTY IS HELD

Creamery Groups of Territory Are Guests of Kanabec State Bank at Gathering Here.

The Kanabec State bank gave its annual party last Thursday evening to a group composed of creamery officers, directors, operators and their wives, at the Mora creamery auditorium. The inclement weather reduced the attendance but about 125 attended. An excellent dinner was served.

The dinner hour was interspersed with community singing led by the inimitable Chas. C. Rieger and Dr. R. P. Hartig of Minneapolis, who are indispensible personalities at all of the bank's meetings.

An interesting program was given following the dinner which included

COMMERCIAL INVESTMENT TRUST

INCORPORATED



COMMERCIAL INVESTMENT TRUST Incorporated, with capital and surplus in excess of \$56,000,000, provides a nation-wide sales finance service through subsidiary companies with a network of branch offices throughout the United States. This service, in the main, consists of purchasing self-liquidating accounts, and extends to automobile dealers, household appliance dealers, and to manufacturers and dealers in many lines of industrial, commercial and professional equipment, including the heavy goods industries.

C. I. T. offers its standard notes for short term accommodation in varying amounts from \$1,000 to \$100,000, in maturities from 60 to 270 days and at current discount rates. These notes are payable at any of our 296 depositary banks located in principal cities throughout the country.

Latest published financial statement and list of depositary banks will be mailed upon request.

ADDRESS

Treasurer,

Commercial Investment

Trust Incorporated

1 Park Ave., New York, N. Y.



Increase revenue from outmoded buildings with new Pittco Fronts

REAL ESTATE a headache? It doesn't need to be. Dress up shabby, run-down properties with shining Pittco Fronts—and space in these renovated buildings will go like hot cakes! Often, when planning a Pittco modernization, you'll find it possible to create rentable first-floor space where none existed before. First thing you know you'll be trans-

ferring formerly unprofitable properties from the debit to the credit side of your books.

When an old, dying building is restored to life with a new Pittco Front—that building steps into competition with others much newer. Usually the value of the property is increased far in excess of the cost of the modernization. Merchants ap-

preciate the customer-appeal of a Pittco Front; are usually glad to pay higher rentals for space in a Pittcoremodeled building. For these reasons, money loaned for Pittco remodeling purposes almost always represents a sound investment.

Send for our new, free booklet, in which you'll find pictures and detailed descriptions of forty Pittco Store Front jobs, representing nineteen different kinds of businesses in thirty-eight cities. Several of the photographs show fronts of entire buildings and business blocks. After you've seen these pictures you'll understand why so many banks are solving the problem of old-fashioned, unpopular business properties with modern Pittco Fronts.

PITTCO STORE FRONTS

PITTSBURGH PLATE GLASS COMPANY "PITTSBURGH" stands for Quality Glass and Paint

Pitts 2229															Pa	1.																	
Plea Pit	ttc	ser o S	to	me	Fr	or	h	u i -	2 0	ok	di	d	T	h	n,	r	li	af	lu	er	W .	e	0	n	tr R	al	ta	il	S	a	k	8.	t,
Nan	ne																																
Stre	eet																																
City																					St	ai	te										

The Condition of BUSINESS

WAR AND BUSINESS. The industrial outlook is tied up so completely with the war outlook that it is hard to distinguish one from the other. There is constantly greater divergence between the actual condition of business and the way most business people feel about the future.

While the trend of production is definitely toward higher levels, because of huge Government expenditures, business sentiment is tax-heavy and varies widely with

the changing situation abroad.

Most of the factors that are normally important in discovering how business feels can be shelved for the time being—perhaps all of them save one. A really impressive demonstration of some kind that Britain can turn the tide would make all the difference in the world.

psychologically.

The stock market has not been a perfect barometer in this age of miracles but it has lately demonstrated one thing quite forcibly. The public, it would appear, is slow to believe that dividends will keep pace with production and sales or that anything else right now makes the future a good risk. With the volume of production rising and security prices just holding their own there is much the same general effect as a declining stock market, and this has been the situation for months.

Even earnest assurances from the highest possible authority that the Government will go easy on taxes in the hope of more national income and more taxes later on, have apparently gone in one business ear and out

the other.

PRICES AND PRIORITIES. Government purchases of practically everything are increasing each month, and it is not surprising under the circumstances that private purchasers are placing bigger orders than usual, just in case. Defense priorities, higher prices, less goods to buy and more money to buy them with, are enough to explain any amount of increased business activity.

In connection with this whole question of demand and supply under emergency conditions, and the possibility of an inflationary rise in prices, there are three things that might be helpfully examined—ways in which a rise might start, ways in which it might be controlled, and the present status of capacity in key industries.

Inflation if and when. There are as many definitions of inflation as there are ways in which it can manifest itself, but armchair economists always mean by inflation a price level that rises too fast for comfort. This can result from different causes. For example:

1. Smaller production of non-defense goods—while at the same time there is greater production of new

purchasing power with no place to go.

2. Industrial bottlenecks caused by concentrated orders in certain industries, or geographical bottlenecks caused by concentrated defense spending in certain localities. Both of these are already with us and need only be multiplied enough times to become general.

3. An increase in private investments and the profitability thereof, with the result that the sale of Government securities meets competition and the Treasury must pay an increasingly higher rate for its funds.

SITTING ON THE LID. For the present Government "control" of prices is maintained through conversations, round table meetings, publicity, agreements, statements from defense commission officials, headlines, threats and finally, the big stick—anti-trust action.

Statutory price control powers exist in certain fields, such as oil and milk. Moreover, commodity futures trading is now under Government supervision making speculation and many commodities directly subject to regulation. The Government, as the largest buyer, guides prices by directly influencing the market or by example. The control of exports is another means that is being broadened to include more and more products.

Probably the most aggressive approach thus far to the problem of price control is the plan of the Federal Reserve System intended to fireproof the credit and monetary structure by discarding certain greenback and bul-

lion legislation inherited from the 30's.

England's experience with various attempts at price control have been fairly successful (See England's Inflation Preventives, page 22) but lately living costs and wages have been doing a sort of leapfrog. Various means have been adopted to hold prices steady, including rationing, enforced saving, arbitrary maximums and taxes intended to bring back into the Treasury all war profits. This taxation extends to workers so that there is no abnormal rise in spending from that direction.

Cross index. Banking's cross index of business, obtained from a poll of bank directors and presidents, shows activity sustained at the same record levels of the past few months. There is a constant increase in the number reporting that the improvement is due to the defense program. This month 68 per cent of those reporting an upward trend in business say that the defense program is the reason. Last month this figure was 58 per cent and the month before 72 per cent.

Judging by the whole returns, however, only a small part of this increased business activity is reflected in applications for loans. Sixteen per cent of the bankers included in the poll reported increased loan activity traceable to the

defense program.

The general trend of business shows a favorable trend. Sixty-two per cent of those polled for the purpose of this summary said that the volume of activity is increasing, 31 per cent reported activity maintained and 7 per cent reported a decline. The month before 60 per cent said that the direction was up, 32 per cent reported that their respective enterprises were holding their own, and 8 per cent reported an unfavorable trend.

The composite cross index figure this month stands at 90, compared with 88 last month.

WILLIAM R. KUHNS

Mobile Bank

EXTENDS ORIGINAL SYSTEM



Torrestger paid dividends to the First National Bank of Mobile! When Carrier Air Conditioning was originally installed, Carrier wisely advised a cooling capacity large enough to meet future demands. And within a year, this increased demand for Carrier Air Conditioned office space was met easily by extension of the system to the adjoining building without the need for any additional refrigeration!

Provision for Extending System Saves Money and Time at First National Bank



② FULL SPEED AHEAD was the order given by the First National Bank after a "satisfactory experience" with cooling supplied by this compact Carrier Centrifugal Refrigeration machine. After operating at only half capacity for a year, a Carrier Centrifugal similar to this easily took care of increased cooling demand when additional office space was air conditioned. Now the centrifugal does just as satisfactory a job for 110,900 square feet of space — more than double the former air conditioning requirement.

CARRIER KNOWS YOUR PROBLEMS! Carrier cooperates readily with architects and engineers because Carrier knows your problems. Carrier engineers are always available to help you solve problems and to help you select the equipment and design most suitable. And every Carrier engineer is backed by the company with 39 years experience in developing air conditioning and refrigeration.

No matter how small or how large the installation, Carrier has the air conditioning equipment as well as the experience you need. There are Carrier room coolers for separate rooms — Carrier self-contained units for a single floor — Carrier central station systems for entire buildings. What's more, you can cut power costs with Carrier Centrifugal Refrigeration, and water bills with Carrier Evaporative Condensers.

See your Carrier representative when you consider air conditioning. Send in the coupon today for his name and further information about the Carrier air conditioning equipment that is featured in 99 countries of the world.

Carrier Corporation, Syracuse, N. Y., Desk B-8

"Weather Makers of the World"

(In Canada, 30 Bloor St., West, Toronto, Ont.)

Without obligation, send me name and address of nearest Carrier representative — also latest industrial catalog.

Name

Company

Address



THE NEW YORK TRUST COMPANY

IOO BROADWAY

MADISON AVENUE AND 40th ST.

ONE EAST 57TH ST.

CONDENSED STATEMENT OF CONDITION At the close of business, December 31, 1940

ASSETS

ASSEIS	
Cash on Hand, and in Federal Reserve and Other Banks	\$202,133,773.56
Exchanges, Collections and Other Cash Items	40,683,141.68
United States Government Obligations—Direct and Guaranteed	172,782,746.37
Other Bonds and Securities	20,901,152.53
Loans, Discounts and Bankers' Acceptances	106,722,134.14
Interest Receivable, Accounts Receivable and Other Assets	1,563,003.32
Real Estate Bonds and Mortgages	3,869,090.98
Customers' Liability for Acceptances	747,618.40
Equities in Real Estate	781,337.33
Banking Premises-Equity and Leasehold	2,093,904.71
	A

\$552,277,903.02

LIABILITIES

Deposits					\$49	5,080	,65	1.1	1.5	
Outstanding and Certified Checks										\$507,940,598.40
Dividend Payable January 2, 1941									_	625,000.00
Accounts Payable and Other Liabilities										
Acceptances	٠			٠						939,989.67
Reserve for Contingencies		٠								1,000,000.00
Capital		۰	٠	۰	1	2,500	,00	0.0	00	
Surplus						5,000				
Undivided Profits						3,015	,43	2.	34	40,515,432.34
					-		_	-	_	***** OF TOO OF

\$552,277,903.02

United States Government obligations are carried at amortized cost. Government obligations and other securities amounting to \$5,987,940.84 in the above statement are deposited to secure public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH New York

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The National Prospect



HERBERT M. BRATTER, reporter of the following news from Washington, writes each month for BANKING.

Washington, D. C.

Wall Street makes a loan

NCE ALL Latin American loans were made by private financial interests. That was long ago. Now it is somewhat surprising to hear of a loan that is not made by the Export-Import Bank. Yet such is the \$10,000,000 exchange-stabilization credit advanced in January by the National City Bank of New York to the new Central Bank of Venezuela.

Establishment of the latter institution leaves only two of the 20 Latin American republics without some sort of central or government bank-Cuba and the Dominican Republic. During the past few years such central institutions or their equivalent have been created in several of the Latin countries which did not previously have one.

Pre-depression central banking theory assumed, as essential, non-government control of the key banking authority. Today that criterion is universally honored in the breach. Even so, there is among central banks a technical community of interest which makes them highly useful media for financial dealings between countries.

Colombia offers to settle

LATE IN DECEMBER the State and Treasury Departments and the Federal Loan Agency jointly recommended that the negotiations between the Colombian Government and the holders of its bonds, which have been in complete default since 1934, be terminated by acceptance of the Colombian Government's refunding plan. The bondholders however, at this writing, seem unwilling to do so, since it would involve a 50 per cent cut in the original interest rate on about \$56,000,000 of bonds now outstanding. The American Government, on the other hand, cites the changed conditions prevailing since 1932 as reason for viewing Colombia's offer as "a fair effort on its part to adjust its obligations."

The President on the debt

PRESIDENT ROOSEVELT in his budget message told Congress that our main fiscal problem is not the rise of the public debt, but "the rise of debt charges in relation to the development of our resources." For the first 130 years the Congress "controlled the debt successfully without requiring such a limit," Mr. Roosevelt said. "I question the significance of a statutory debt limit, except as it serves as a fiscal monitor." So long as Congress spends money not raised by taxes, the debt limit is a constantly changing concept.

In Great Britain where the relative debt load is much heavier, the debt problem and inflation is a source of real worry. In the New Statesman and Nation of November 16 a writer urged his countrymen to recognize "that the present growth of the national debt is an even greater evil than the threatened wartime rise in prices, since the post-war interest bill we are building up at the rate of £50,000,000 a year will, if left to itself, strangle post-war economic reconstruction at

In effect, red-ink financing is simply the Federal payment for currently-produced goods and services with interest-bearing promises to pay. The latter can be made good only if equivalent goods and services are produced and taxed in the future. The only alternative to taxation is currency depreciation. We may have a mixture of both.

Two views on "post-emergency" planning

WHEN ASKED at a press conference, whether the Commerce Department was planning to grapple with

Philip Murray, left, head of the C. I. O., and William Green, president of the A. F. of L., whose organizations are in the center of the defense program spotlight









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post-war problems, Secretary Jones answered in the negative. He said that when you are running as fast as you can to get some place, you won't get there as fast if you "stop to look back every few seconds."

Evincing a different viewpoint, Senator Robert F. Wagner of New York next day introduced Senate Joint Resolution 16 to establish a "Post-Emergency Economic Advisory Commission", representing Congress and the President, to fortify national morale now and as a measure of our faith in the future of our democratic system.

A.B.A. defense financing help appreciated

THE NELSON-DRAPER (NDAC-Federal Reserve System) set-up for contacting the banks in connection with the national defense program seems to be working out very satisfactorily. The educational work of the A.B.A. Bank Management Commission is being found particularly helpful by all concerned.

Foreign trade regulation expected

THE COMMERCE DEPARTMENT has set up a new statistical unit to provide spot trade information by countries and commodities to the Administrator to Export Control. The work of the latter, at present a modest independent office advising the White House, may experience considerable expansion in coming months. New legislation setting up some mechanism for more rigid trade control to cover both imports and exports is indicated. Pattern for Washington's thinking is the British Ministry of Economic Warfare. The idea is that the United States should throw

The Naval Torpedo Station at Alexandria, Virginia, is on a 24-hour production schedule



NATIONAL DEFENSE ADVISORY COMMISSION

BEQUESTS NEED BE NO PROBLEM

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Many bankers will be called upon this year to suggest appropriate and worthwhile bequests. Naturally, they will want to be sure that the recipients of these gifts meet rigid requirements.

Investing in the future of young Americans — and thus in the future of America — is both worth while and wise. And linking the name of the donor to some vital project of a renowned educational institution is but appropriate.

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its full economic weight into the "total war" now raging over the world.

"Bits and Pieces"

WHAT THE BRITISH call "bits and pieces", the piecing out of defense production by utilizing idle facilities wherever they may be found, is being put into practice by the NDAC, under the guidance of industrial engineers. An example of how it works is told by Morris Cooke, "ghost town" specialist on Mr. Hillman's staff. In three Virginia counties 365 machine tools idle 90 per cent of the time were spotted, together with men to operate them. Mr. Cooke estimates that "50 per cent of the nation's manufacturing facilities are now idle and could be brought into the production of goods for the defense program. The Commission is working on a system of farming out the work whereby even the smaller shops can be brought into defense production."

Skeptical Senator

THE ADMINISTRATION'S 1942 budget is a "trick budget", according to Virginia's junior Senator, Harry F. Byrd, "to the extent that effort is made to create the impression that there is reduction in Federal non-defense spending. This impression appears to have been conveyed not only by the language of the budget message, which does not disclose all of the facts and details, but also by a juggling operation which has moved appropriations for so-called normal or non-defense expenditures into broadened budgetary defense categories."

The Virginian, who has distinguished himself in the Senate for his financial investigations, made these remarks in a lengthy statement to the public, wherein he gives supporting details of what he describes as "juggling" and "subterfuge in bookkeeping."

Society of realtors formed

New WAR BABY among trade associations is the society of industrial realtors, a branch of the National Association of Real Estate Boards. The society, which was formed in Washington in January, expects to have chapters in every active industrial center of the country.

A nationwide exchange of listings of available plants, warehouses and sites, together with detailed technical information about them, is one of the services which the society contemplates offering.

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Felipe Espil, Argentina's Ambassador to the United States, signs the agreement giving a \$50,000,000 credit to his country

New Defense Council Bulletin

The NDAC has assumed the weekly publication of *Defense*, which is now the "official bulletin of the National Defense Advisory Commission". The first issue under these auspices, that of January 7, 1941, contained 16 printed pages. Subscription rates are 75 cents for 52 issues, 25 cents for 13 issues. Remit money order payable directly to the Superintendent of Documents, Government Printing Office, Washington.

Slow Pickings for Mr. Morgenthau

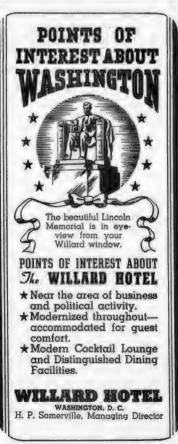
Of the \$700,000,000 which the President in January 1940 budgeted to be returned to the Treasury by Federal lending agencies, only about \$210,000,000 had actually been delivered by December 27. As of that date the RFC and Federal Farm Mortgage Corporation were still holding tight to the remaining \$490,000,000. Anyway, it would just go from one pocket into—and out of—another.

Fiscal Planning Committee

Congressman Ludlow of Indiana has proposed a special House Committee on fiscal planning "to bring together the heads of the Appropriations and Ways and Means Committees with a view to coordinating spending and revenue-raising activities, the main purpose being to effect economies in the non-defense expenditures of the Government and a new working relationship between the two committees, which have heretofore operated entirely

(CONTINUED ON PAGE 16)







"Omnis Gallia in partes tres..." -- and Residential Mortgages, too!

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February 1941

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NATIONAL PROSPECT-Cont'd

independent of each other." Mr. Ludlow admits that Congressmen may confer on any matter at any time, but thinks recommendations have much greater prestige and effect if they come as the considered opinions and conclusions of a specially created committee.

Going Up!

What the defense program is doing to the American economy as it swings into gear is suggested by the estimates of net Federal contribution to national buying power, compiled by the Federal Reserve Board. During the fiscal year 1940 the average monthly figure was \$282,000,000 and in June 1940 the figure was \$219,000,000. By November it had reached an estimated \$438,000,000, and we are only at the beginning.

Hot Money

THE TREASURY REPORTS that in October foreign short-term funds in this country reached the unprecedented total of \$3,719,000,000. An indication of the dimensions of this figure may be given by observing that it is larger than was the monetary value of the entire gold stock of the United States in the Summer of 1932. That's a lot of spending money in any man's country.

At the end of one year of the war, foreign holdings of all sorts in the United States totalled \$9,563,000,000, a decline of less than half a billion dollars during the war period.

This 160-foot shot tower in Baltimore is said to be the sole survivor of its kind. Molten lead, dropped from the shaft, became round bullets when it hit cold water at the bottom. The normal capacity was 100,000 bags of bullets a season



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STOCK OF FEDERAL RESERVE BANK	6,016,200.00
Other Securities	. 173,132,797.85
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	
Banking Houses	 . 35,302,430.54
OTHER REAL ESTATE	 7,370,349.59
Mortgages	. 10,379,106.94
CUSTOMERS' ACCEPTANCE LIABILITY	. 15,987,575.78
Other Assets	 . 10,367,650.56
	\$3,824,403,346.80

LIABILITIES

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CAPITAL STOCK										\$1	00,	270	,00	0.00	0	
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DEPOSITS																3,543,337,564.42
Acceptances Outs																17,854,436.92
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OTHER LIABILITIES				٠												8,380,469.74
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BANKING

FEBRUARY 1941

\$20,000,000,000 or So

ALBERT W. ATWOOD

Mr. Atwood writes for Banking from Washington. In connection with this article see page 33.

PRESIDENT ROOSEVELT has made it crystal clear in his recent messages to Congress that this country is going in for "total defense" and that "no one can predict the ultimate cost of a program that is still in development." But he does admit that "we shall actually spend more than 25 billions" for that purpose within a 3-year period. How much more no one knows.

It is futile to try to guess the ultimate cost of "total defense", but it is not futile to ask where the money for this stupendous program is coming from. It is unfortunate, of course, that we enter upon such an outlay from an already high plateau of national debt and taxation. In the last decade the debt has increased by 28 billions and taxes have gone up sharply.

But the defense program is almost certain to be carried out, in accordance with the unquestioned will of the American people, even though Senator Taft says that the deficit of 9 billions for the fiscal year 1942 on top of a national debt that will be over 50 billions by July 1, "threatens the solvency of the United States." The practical problem is what is the best thing to do about it. In other words, how can these colossal sums be raised with the least danger of inflation, general economic dislocation and insolvency?

This is the second year in which the President has used his budget message to Congress as an occasion to defend the swiftly mounting national debt. He says the bonds of the United States Government are the best in the world because they are backed by the productive capacity of the American people, that our great national debt results from wars and economic upheavals following wars, which are not of our making, that the main problem anyway is not the rise of the debt but the rise of debt charges in relation to our resources, and that the borrowing we do is not hazardous as long as it is accompanied by tax measures which assure a sufficient tax yield in the future.

There is much truth in all these statements. Yet speaking very frankly one need not agree with Senator Taft's statement that "the President still believes in spending government money like water" to find in his

attitude a certain disturbing tone of complacency toward the gravity of these great financial problems. The banking and business community in general might find it a bit difficult to agree with Secretary Morgenthau's perfect trust when on three separate occasions in a single press interview a few days after election he stated that he did not fear inflation "with Mr. Roosevelt back for another four years."

For example, the President in his budget message belittled the debt limit "except as it serves as a financial monitor." But warning signs, stop signs, yellow lights, restraining influences of any kind—all these serve a very important function in our whole system of government and are of especial significance financially at a time of astronomical expenditure.

Nor does the President recommend really substantial reductions in other than defense expenses. A very slight beginning is being made in this direction, but one feels that there is no real will in the Administration to cut non-defense expenses deeply. Programs for subsidies, relicf projects and public works, which the National Economy League describes as "luxurious even before the defense emergency," are continued.

Moreover, Senator Byrd charges that all manner of non-defense outlays "have been moved into broadened budgetary defense categories." Or as the National Economy League says, "Congress should be on guard against the masquerading of pet projects under the defense label."

Besides there are many who honestly do not agree with the full implication of the President's statement that "our great national debt results from wars and economic upheavals following wars, which are not of our making," for obviously many of us do not believe that all of the subsidy and various "project" programs of recent years have been in any sense necessary.

But passing on to the more pressing matters which lie directly ahead, it is quite true that an expanding national income and increased tax receipts may well make the rise in national debt less hazardous than would otherwise be the case. The amount of debt which can be safely incurred at any time is a relative rather than an absolute figure. It is future ability to pay the debt which is important, and if the national income should rise to

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Above and below, scenes in the Springfield Armory where the Garand rifle is being manufactured. (Photos from National Defense Advisory Commission)

80, 90 or 100 billions the ability to raise taxes and even eventually to pay off the debt should be very large indeed.

The Treasury estimates that if the national income were to achieve an annual level of 100 billions for several years the existing tax structure would produce 13,400 millions a year, an unprecedented amount.

But once debt is incurred the principal and interest are absolutely certain and unavoidable, whereas the suggested possible increase in the national income is not sure at all. It is none too conservative to keep emphasizing a hoped-for larger national income in the future. Common sense dictates that rather than wait for this larger national income more tax revenues be raised at once, even if by the painful process of introducing new taxes and boosting rates on those we already have.

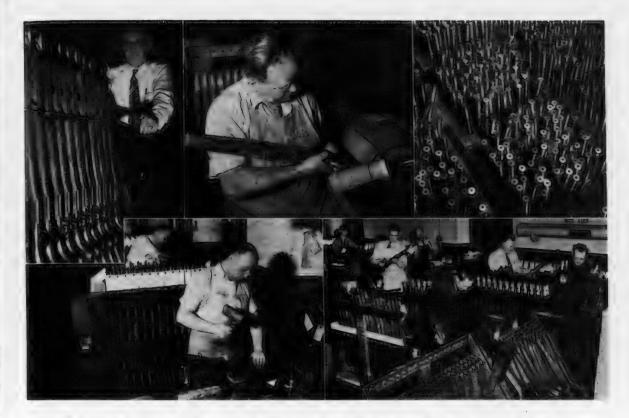
There are many who urge that we wait until the industrial machine is running at full capacity, with complete employment, and rising prices, before additional taxes and higher tax rates are adopted. But to wait may be very dangerous; the industrial machine is moving rapidly now; it takes time for new taxes or new rates to bring in their yield; in this writer's opinion it is highly desirable that this particular kind of anti-inflation safeguard be adopted at once.

The New York *Times* recently suggested, and the suggestion is none too drastic, that as a purely educational device, every person of voting age ought to be obliged to fill out a Federal tax blank each year, and, even if his income fell below the exemption, be required to pay a nominal sum of say a dollar or so, to cover the cost of the additional clerical work involved in checking the increased number of returns.

For the triple purpose of helping to avoid inflation, to bring the cost of deficit financing and total defense home to the average citizen and to prevent the banking system from being completely swamped by Government bonds, the time is ripe, or overripe, for a repetition, as far as present conditions permit, of the process by which we financed the last war, namely, a series of popular loans.

In an address last September, W. Randolph Burgess, vice-chairman of the National City Bank of New York, in urging bankers to finance directly, as far as possible, business concerns working on defense orders, went on to say: "This is complicated and difficult to arrange safely; taking government securities is easy. But for our own good and the good of the country the more we finance directly and the less government securities we buy the better."





The Wall Street Journal recently remarked editorially that "all that is necessary (to shift the method of financing as suggested) is to make clear to the public consciousness that this is one way in which most of us can have a part in the national task and that without much of a sacrifice."

Alas, the problem is not quite as simple as all that. For it is not too much to say that for years the Treasury has lived in a fool's paradise. It has been able to finance a huge deficit, with the advantages of deficit financing appearing much greater than they really were, because the Treasury was thoroughly exploiting an abnormal capital market, a market in which there was a virtual stagnation of private financing, inordinately low rates of interest, and excessive bank reserves.

In a striking address at Stanford University on "The Business Man's Stake in Government Finance", Professor Harley L. Lutz of Princeton University has pointed out the many dangers in having a huge increase in national debt occur "in this fundamentally unstable and unhealthy capital market." We need not repeat all these dangers in this article except to say that fools' paradises always come to an end. In other words, how is the Treasury to float popular loans without increasing substantially the interest rate, and if this is done how is the banking structure to be kept secure?

People are constantly asking how we can keep on borrowing money indefinitely, and no one has an answer. A more immediate and pressing problem is how the absolutely necessary borrowing which must be effected in the next few years can be carried through safely. It may prove an exceedingly complex and difficult matter to adjust interest rates upward just enough to induce individuals to buy unlimited quantities of bonds out of their savings, and yet not enough to perilously depress the prices of existing issues.

This whole fiscal problem not only must be worked out but can be worked out if resolute courage is devoted to the task. If their patriotism is appealed to sufficiently the American people may be willing to buy governments at much lower rates of interest than they have ever received before.

But even a substantial amount of financial suffering in the next few years would be better than catastrophe later on. Commenting on next year's colossal budget Representative Wigglesworth of Massachusetts remarked that "when you jump off a monument the sensation is fine as long as you keep going." The one fatal course at present would be a type of political expediency which always takes the easy way.

Above, more pictures of the Army's new rifle "in the works". Below, John C. Garand, the inventor. (Photos from National Defense Advisory Commission)



England's Inflation Preventives

H. C. F. HOLGATE

Dr. HOLGATE is a certified accountant and a Fellow of the Institute of Bankers in England. He has written a number of books and articles on banking and foreign exchange.

If It is to prosecute a war successfully a nation must have a sound economy. Just as its man-power must be healthy and intelligent, its accourtements adequate, and the productive mechanism highly organized and capably managed, so its monetary equipment must be efficient.

A good test of this last is to observe how far the currency maintains its value, or, putting it in other words, whether or not prices remain in close relation to peacetime levels. Thus we find that public attention both at home and abroad is focused upon the various indexes of prices in an endeavor to read them, as one would consult a barometer, to see whether there are ominous indications of bad times ahead.

However, a cost-of-living index does not tell the whole story with any degree of finality, and this is particularly true in the comparatively short period of one or two years. A major war in these days has such widespread effects that a mere rise in prices anywhere in the world might easily occur without of necessity spelling disaster for any one of the belligerents. It must be clear, for example, that the wastage of war creates a greater demand for some kinds of goods than is ordi-

The mayor of Margate selling national savings certificates and defense bonds in a British "savings shop"



To Hold Prices Down

In order to ensure that prices are kept down to the required level the country must take purchasing power away from the would-be consumer either in taxation or by some other means; the British campaign for "National Savings" is one method of inducing a reduction in spending, and has so far met with good success. There is every indication that this will continue, but if it did not eventually prove sufficient we should have to face the fact resolutely, and submit to further taxation or a scheme of "forced savings" on some such plan as that outlined by Keynes for "deferred pay".

Dr. HOLGATE

narily experienced; quite apart from this, the modern "total" war requires an immense increase in the use of a nation's resources, especially in gainful employment, which implies the disbursement of increased purchasing power and hence added need for consumable goods. This addition to demand is not usually compensated by proportionate increases in supply, and the effect must be to weight the scales in favor of a rise in prices.

An even more important set of factors is that which determines costs. From the moment when a country takes up arms the external value of its money falls on the usual market assumption that its future value is subject to the fortunes of war. Therefore, every import—whether of raw or finished goods—tends to rise in cost, reflecting the fall in the exchange value of the currency unit. In the case of Great Britain, the decline in the value of the pound sterling from \$4.86 to \$4.03 is a pertinent example of the factor we have in mind.

In importing goods it must be remembered that the war will be extended to attacks on our shipping, causing a rise both in freight and insurance rates. These add to the costs of goods, but the end of the story is not yet told, because the goods will spend some time, however little, in warehouse or factory where in either case they may be attacked and destroyed. In most cases the merchandise can be insured, but the rate of premium must be high enough to meet the new risks which war brings in its train. If we now mention that in a free economy there must be a natural tendency for both capital and labor to take advantage of the needs of the moment we do so for the sake of completeness, adding (because we do not wish to be unfair) that patriotic feelings do restrain, as a matter of fact, much undue profiteering on both sides.

Once we have allowed the inevitability of some rise

in prices the urgent problem is that of preventing the movement going too far, that is, of restraining a fall in the value of money beyond the bounds set by unavoidable increases in costs. There can be no simple solution to this problem, and in practice this is tacitly admitted by the use of a combination of devices aimed at different aspects of the price mechanism. In spite of the obvious nature of the weapons used, their effects may overlap and be rather more complicated than they appear at first sight; for this reason a word or two by way of clarification of some of the present price restraints used in England may not be out of place.

THE most naïve of all remedies is that of fixing a maximum price at which an article may be sold. It is, of course, the most popular form of price restriction, because it is one that appears to cut through all the twisted strands of economic theorizings and to get to the desired objective with the minimum of fuss. It prevents profiteering and it keeps essential articles within the purchasing capacity of the masses. But whilst it may please us to argue in this way, we must not ignore the fact that if the selected price is fixed too low the producer cannot market the article profitably, with the result that it will rapidly disappear from the shops. Even if there is a profit, but the margin is less than that obtainable elsewhere, many producers will prefer to divert their energies into other lines of production where profit margins are higher. The consequence in either case is that there will not be enough goods to go round, and an encouragement will be given to illicit dealings in which those with little money will suffer grievously from the unequal competition of those better off.

To correct this the most equitable solution is that of rationing, and as a double check on fair distribution we find that in practice all rationed articles are subjected to price control. The virtues of the ration card are many, but not the least of these is that by allowing a reasonable quantity of, say, foodstuffs essential to each household much wastage is prevented. Additionally, the quantities of each class of food needed are known by the controlling authorities, and this enables careful planning of buying, shipping and inland transport. This is of great advantage to a nation engaged in total war, where every aspect of its economic life is best planned in the interests of the people as a whole.

If every article could be rationed the chances of price control would be very much brighter than they are; but the domestic exchanges of a country must always be inclusive of sales of goods already in existence, quite apart from the steady flow of new production. A moment's thought will show that price control and rationing cannot cover everything that is liable to be exchanged against money. In effect we must admit, however regretfully, that the two remedies we have so far considered cannot of themselves preserve the internal value of our pound sterling, and we must now turn our attention to the supplementary devices employed to this end. The first is the specific tax on war-time profits (to nullify the effects of undue price-raising), namely, the excess profits taxation which came into prominence in the previous World War. Combined with this special levy on any advantage capital may seek to gain from the

nation's needs we have additional taxation on persons (income and surtax) to drain away some of the purchasing power that might otherwise make its impact felt in a higher level of prices.

Some taxation is also imposed on goods with a view to restricting purchases. The effect of this is to raise the general price level, and the deterrent effect is a particular one which may merely alter the direction in which money is spent whilst not (as direct taxation does) preventing the spending of incomes on all goods as a whole.

One thing at least is gratifying. The new monthly income-tax collections from workers show that the Government is alive to the need for a contraction in the public's spending capacity. To take away the tax from wages as they are being earned is a first-rate method of impressing upon the mass of the people that they will need to go without some of the things they are accustomed to buy. As this is an essential feature of the fight for victory the lesson is falling on willing ears and will make the task of wise national housekeeping all the easier. From these signs of willing cooperation one may draw the justifiable conclusion that the internal (and, therefore, ultimately the external) value of the pound will be maintained.

BRITISH WAGES AND PRICES

(The following paragraphs, from The Economist, London, November 9, 1940, page 574, give a few statistics bearing on Dr. Holgate's discussion.

"Between August 1939 and September 1940 the Board of Trade's index of wholesale prices rose by 44 per cent and the Ministry of Labor's index of the cost of living by 22 per cent, while the London and Cambridge Economic Service's index of weekly wage rates for July showed a rise of 121/2 per cent over that for August 1939. By last Summer the impact of the initial advance in costs appeared to have spent itself and to have permeated the country's economy. Unfortunately, the movement towards higher prices all round has been given a new impetus by the advance in rail and freight charges and in coal and steel prices. These advances will eventually lead to a substantial increase in production costs. Since the wages of many industries are now linked to the cost-of-living index, and as the latter may be expected to be pushed upwards also by the Purchase Tax, wage rates are likely to show a further sharp upward movement. And as soon as the rise in costs has spread to the wage-earners, the basic industries-coal, steel and transport-will no doubt find grounds for yet a further upward adjustment in their charges, which will again have the effect of a stone thrown into a lake.

"A national wages and prices policy, instituted this Summer, would have acted as a powerful brake on inflation. But, even now, it would be fully possible to call a halt to the pernicious principle of permitting every rise in costs to be passed on in a vicious spiral. Some measure of inflation is now inevitable, for voluntary saving and taxation are unlikely to cover the rising defense expenditure. But the least that should be done is to see that the price-fixing policies of public and semi-public bodies do not deliberately exaggerate this inflationary tendency."

Insured Happily Ever After



1. "Twas a beautiful house . . 2. . . . in a beautiful valley



3. . . . with enough lights and decorations to win anybody's lighting contest



4. Take a look at its absentminded owner



5. Let's see . . . he was sure there was something he had forgotten



6. Oh, yes. He was going to borrow \$10,000



7. He went to his banker and applied for the loan



8. Luckily enough, his credit rating was better than his memory



9. And besides . . . he offered his beautiful home as collateral



10. The banker said he'd be glad to make the loan



11. How about fire insurance?



12. The owner thumbed through his papers



13. Yes, he had fire insurance



14. Oke, said the banker, take it away



15. So he took it away



16. Then down the beautiful valley . . .



17. . . . came a whale of a tornado



18. The man ran all the way to the bank



19. He took hold of the banker's hand and delivered him to the scene of action



20. Together they watched the havoc being wreaked



21. The tornado was heading straight for the house



22. Their respective heads of hair turned gray . . .



23. . . and collectively, they lost 37 pounds



24. Then, just when they had given up all hope



25. And the twister was about to devour the house



26. It made a right angle turn, a very unusual behavior for a twister, and went merrily off in another direction



27. Leaving the boys quaking in their boots



28. The house proper remained intact



29. They inspected the slight damage



30. The damage so being, they considered themselves a very lucky pair of boys. The twister had taught them a lesson



31. The banker had just enough breath left to "hereby firmly resolve never to omit any important insurance coverage on future real estate loans"



32. Then they both collapsed from nervous exhaustion

Directors and

New Business

MILTON WRIGHT

This is another of Mr. WRIGHT'S series of articles on the work and responsibilities of directors.

A FAIR and reasonable test of the value of any board of directors is to be found in the success of their bank. If the bank, through the efficiency of its management, is attaining its two-fold objective of making a profit and serving the needs of the community adequately, the board members may justifiably take a bow.

It should be pointed out, however, that mere operating efficiency is not enough to insure success. You might handle every transaction smoothly and economically, you might never suffer a dollar's loss on a single loan, you might invest your funds safely and at attractive rates of return, and still you might find the bank becoming steadily weaker and less profitable.

If the bank is to be strong, useful and profitable, it must not only handle satisfactorily such business as it has, but it must have enough business to do. This means that it constantly must be getting *new* business.

Every year the average bank loses from 10 to 15 per cent of its accounts. There are, of course, a variety of reasons. Customers move away, retire, fail and die. Others shift their accounts to other banks because they have personal friends there, because they can get more liberal credit terms, because of reciprocal business dealings, because pressure has been brought to bear on them, and because they don't like you. This steady loss is inevitable; there is nothing anybody can do to prevent it

If the bank is to hold its own—to say nothing of going ahead—these departed customers must all be replaced with new ones. Putting it another way, for every eight customers now on the books of the bank, one new customer must be added before a year has gone by, and he must be just as good a customer as the one who has left.

The point of all this is rather obvious. The success of the bank is the responsibility of the directors. Success is dependent upon getting new business. Therefore, getting new business is a responsibility of the directors.

How best to meet this responsibility is a matter upon which opinions differ. One view is expressed by the president of a small bank on the Atlantic seaboard, who says:

"I can't expect the members of the board to be salesmen. Getting new business is part of my job and it isn't

right to ask anybody to do it for me. I am giving my full time to the bank, while with the directors it is a side issue. The directors' responsibility for new business is met by hiring a management that can get it.

"This does not mean, of course, that the directors are not important in the administration of this institution. I keep them fully informed, both of what I am accomplishing and what I am trying to accomplish. Their knowledge of local people and circumstances is invaluable, their familiarity with conditions in their own particular lines is helpful, and, because their business judgment is sound, it is comforting to know that I have the board's approval. Sometimes, too, they suggest prospects, or give me introductions to prospects.

"All activities, however, and especially new business activities, should originate with the management."

Quite different is the view expressed by the president of a small bank in the Far West:

"There is a feeling in some places that it is beneath the dignity of a director to sell the services of the bank. In some banks that I know of the directors pride themselves on the fact that they never ask a man for his account. Our directors don't feel that way. Never a week goes by without several new accounts being brought in by members of the board.

"For the most part, these are accounts that otherwise we probably would not get. Our directors are leading men in the community; a suggestion from them carries weight with the business man to whom they are talking. Moreover they have acquaintances that the rest of us don't have. They know, too, what is going on in particular lines of business, not only here, but in other places. They know things that are going to happen before the rest of us do. They are men of experience, judgment and vision

"By and large, the best accounts that we have on our books are the accounts that have been steered here by the directors."

There probably is some merit in each of those view-points, divergent though they may be. The manner in which the directors can help build business for the bank depends, to some extent, upon the nature of the community, the size and type of the bank, and the personalities of the directors themselves. Procedures that would be highly successful in one place might be wholly ineffective somewhere else.

In all cases, however, the responsibility for getting

new business stems back to the directors. That responsibility is met by action along either or both of two main lines:

1. As a board, providing opportunities for new business to be obtained by the officers and staff members.

2. As individual directors, actively getting new business through their own personal efforts.

Naturally, these two lines of endeavor cross each other. Acting under a policy or a program adopted by the board, a staff member who is on the trail of a prospective account may seek the personal aid of a director. On the other hand, a director who sees the likelihood of getting a new account may pass the task to a staff member. Nevertheless, the two lines are more or less distinct, and because of that we shall discuss them separately. The efforts of directors as individuals we shall take up at a later date; in the present article we shall confine ourselves to what the directors can do as a board to provide opportunities for getting more business.

You probably noticed that while the two bank presidents whom we quoted disagreed sharply as to the directors' function in the new-business-getting effort, they were in accord on one thing. Both had a high regard for the usefulness of the directors' knowledge and ability. Both found that the directors were helpful because of their familiarity with particular lines of business, and because of their sound business judgment.

If, as is generally agreed, the collective knowledge and wisdom of the board members can provide anything beyond that of the bank management, then the board owes it to the bank and to the community to provide that extra something. Indeed, at the present time, when national defense is of prime importance, to suggest and provide opportunities for enlarged usefulness through new business is the board's patriotic duty.

The board is doing its full duty only when it goes after all of the business that the bank ought to have. This it cannot do haphazardly. There must be a carefully worked-out comprehensive plan based upon present conditions and future probabilities. For such a plan the board needs facts collected and assembled in orderly fashion.

In general, these facts will fall into three categories:

1. Industrial, economic and social developments
which will provide expanding opportunities for new
business.

2. Present and potential needs of persons and organizations in the community for banking service.

3. The facilities of the bank to capitalize opportunities and meet present and future needs.

Increasing activity is reaching out toward every city and village and farm. Men whose numbers are called in the draft form only a small part of the defense mobilization; the whole people are joining in the effort. The industry of the entire nation is being stepped up both in quantity and in speed.

At the center of this hum of increasing national action stands the banking system. At the center of activity in any particular community stands the local bank. The policy and procedure which its directors adopt determine in no small measure the extent to which it prospers in the effort.

To keep informed of far-reaching developments is a function of the board of directors. Only by being acquainted with circumstances, needs and trends can they see and seize opportunities for service which present themselves. The board that attracted a new canning plant to its town, the board that helped the nut and bolt factory to expand to take care of anticipated orders, the board that helped a button manufacturer to find a new market, all were exercising the broad functions of directorates. They were able to do so because they were acquainted, as a board, with movements in the world beyond their own town limits.

This director knows something of one business, that director is familiar with a wholly different line. Their collective knowledge, however, is of full value only when it is collected.

When it comes to knowledge of their own community, it is surprising how much directors know individually and yet how little they know collectively. Unless they assemble their knowledge, its full value for business-getting purposes cannot be realized. Moreover, there are facts which none of the directors has suspected, and yet which may hold large possibilities.

A general fact-finding survey of the community is in order. It should include such items as the following:

Size, nature and capacity of industrial plants, used and unused.

Income and consuming power of the community.

Amount and kind of labor available, skilled and unskilled.

Prevailing rates of wages.

Accessibility to sources of fuel, power and materials.

Transportation facilities and accessibility to markets.

Location and nature of available land and buildings, used and unused, for both dwelling and industry.

One also must know his bank. It is only a matter of regret to recognize a banking need in the community, an opportunity to do business, and then discover that you are not set up properly to do it. Board members cannot be expected to be familiar with the minutiae of routine operations, but they certainly are expected to know what the bank can do, and how, in a general way, it can do it.

Acquaintance with general activities and with the facilities of the bank may suggest many services for the bank to perform. One bank, for instance, has found it possible to offer the services of its personal trust department to all men in the military and naval services who might be called for duty, and is carrying on a "personal preparedness" drive for the purpose. Another bank has assumed the task of taking care of the collections for the local chapter of the Red Cross.

From the business-getting standpoint, the knowledge of trends, surrounding circumstances and the bank's own facilities provide the basis for a comprehensive and resultful program. This program will, for the most part, be planned by the officers and carried out by the staff members.

The function of the directors, as a board, is to discover the opportunities, provide the facilities, and give such counsel and support as their knowledge and experience afford.

Clearly State the Rate

WILLIAM TRUFANT FOSTER

Last month the author, who is director of the Pollak Foundation for Economic Research, wrote "Consumer Credit Growth" for BANKING. This month he takes up the question of rates and how they should be stated.

PEN rates, openly arrived at, is a policy of which many commercial banks are justly proud. Could they not, however, wisely take another step or two toward clarity and simplicity? There is no doubt what consumers want. They want total carrying charges on all loans and all instalment purchases expressed, not only in dollars, but in a single figure, as a per cent per month on the unpaid balance, without discounts, penalties, or extra charges, under any guise whatever. The Consumers Advisory Board unanimously said so. The board explained that since every charge is for a given principal, for a given time, at a given rate, the simplest way to express the charge is as a rate, per month, on the unpaid balance. For the ordinary borrower, any other way creates some confusion; it makes difficult the comparison of the rates of various agencies, and it provides easy possibilities of clouding or evading the simple truth. That conclusion was reached also by the National Bureau of Economic Research in its recent studies of consumer instalment financing, and it has been endorsed by official representatives of at least five million consumers.

In reply, some commercial bankers say: "We have always used discount; an honest method, perfectly understood by our clients. Anyone who can use elementary arithmetic can find out for himself that 6 per cent, discount, is equivalent to nearly 12 per cent as a charge on unpaid balances, in cases where equal payments are made each month for 12 months."

True enough. Even so, why insist on any method which creates ill-will? Those who believe in private banking can hardly afford to do that. Why not take into account a million new customers of commercial banks who are not familiar with the discount method? Nearly all of them hear about the simple interest method from credit unions and personal finance companies; and there are more than 44 million depositors in savings banks who find that when they receive interest for a given period at the rate of 3 per cent, the 3 per cent is paid, not in advance, but at the end of the period.

In any event, why not beat the state legislatures to it? Always they are keen to protect the poor consumer borrower. They are not worried about the commercial borrower who understands the discount plan. They do not compete in efforts to protect the poor corporation. They do get excited about bills—whether intelligently drawn or not—which aim to prevent the consumer from being gouged.

"There is no escape from this fact: to the ordinary consumer, an advertised '6 per cent' means a true 6 per cent on an annual basis, not 11.7 per cent. If, instead of saying '6 per cent,' a lender says, 'We charge only six dollars for a loan of \$100,' the statement is equally misleading. If the six dollars is charged in advance, and the loan is paid in equal instalments for 12 months, the lender charges six dollars, not for a loan of \$100, but for a loan of \$94 for the first month, and an average of \$46 for the life of the loan. Yet the borrower, as a rule, thinks the charge is only 6 per cent a year on the money of which he has the use."

Efforts were made to get some sales finance companies, in their own interest, to state the rate as requested by consumers, and to do it before they were required to do it. They waited, however, until the Federal Trade Commission ordered them "to cease and desist." Affirming the order of the Commission, the United States Circuit Court of Appeals, in August 1940, held that the "6 per cent plan" was deceptive. The court found that it deceived a substantial part of the purchasing public into believing that there was a simple interest charge of 6 per cent per annum on unpaid balances. In denying the petition of the dealers to review the case, the court favored insistence "upon a form of advertising clear enough so that, in the words of the prophet, Isaiah, 'wayfaring men, though fools, shall not err therein.'" No doubt the commission would find the same reason for objecting to the current advertisements of certain industrial banks: "Full and complete charge for new car financing, 5 per cent per annum." Commercial banks can profit by these mistakes.

The only rigid rate regulations now operative in a majority of the states are embodied in various drafts of the Uniform Small Loan Law; and, although these drafts vary in numerous ways, they all require the form of rate statement endorsed by consumer organizations.

Commercial banks have nothing to lose by making the frankest statement of their charges. Their rates on that part of the small loan business—the smallest-risk part—which they can do at a profit, ought to be and are lower than the rates which other commercial agencies are obliged to charge on their part of the business. Commercial banks can afford to wrap their consumer-credit packages in the clearest of cellophane.

Protecting Uncle Sam's Checks

HERBERT M. BRATTER

Mr. Bratter's name is familiar to Banking's readers. His Washington comment appears this month on page 11. In connection with the article that follows, there is an item, "Pointers on Cashing Treasury Checks", page 66, which will be of interest.

N the attic floor of the historic Treasury building in Washington is a small room. You might not notice it in walking by. It has just an ordinary glass-panelled door lettered "Examiner of Questioned Documents". Within you will find three young and serious men, bent at their respective desks. There is the usual office equipment, of course; some photographic enlarging apparatus; and, off to one side, the doorway to a spic and span photographic darkroom with rows of mysterious bottles that would have delighted the late and eminent Sherlock Holmes. Peeking into the open darkroom you will probably see some large negatives hung drying from a wire; and if you let your gaze rest on one of them, it may turn out to be a picture of the typewritten amount of a check that has been cleverly raised from \$27.00 to \$87.00-although not cleverly enough to fool the ultra-violet rays of Mr.

Yes, "Mr. Alwyn Cole" is such a name as Conan Doyle himself might have created. But he didn't. Mr. Cole is very much alive. He is one of Washington's four handwriting experts, and when he is not in Alabama or California testifying in some government lawsuit, he is to be found in his cozy laboratory critically examining such problems as the typewriter ribbon that made the 8 on a WPA check, the peculiar change of characteristics in John Doe's handwriting, or the meaning of an

ink blot on a CCC check cashed by some boy's mother.

If a banker receives from some merchant depositor a WPA check which he has cashed for the wrong party, the banker may not hear about it instantly, but you may be sure that the loss will not be the Treasury's.

A few years ago a forger, having served his time, came out of Atlanta with a government check to his credit in the amount of 72 cents. Within 48 hours he had raised the check to \$800.72. It shouldn't have fooled anyone, but it did fool an Alabama bank. Alwyn Cole went to Alabama. Sequel: Mr. Convict is back in Atlanta and, of course, the bank has taken the loss.

Mr. Cole's office is not the only place in the Treasury where check irregularities are detected and handled. The Treasurer's office gets many more cases. And the United States Secret Service gets still more, many of them in the field. In fact, the Secret Service handles more government check cases than counterfeit currency cases. Its work is proving very effective, but there are always new cases arising, people who think they have found a way to Easy Street.

"Make a check before you take a check", and "Know your endorsers", the new slogans of the Secret Service, may be unnecessary advice to an experienced bank teller, but they are still good advice to the average grocery man and the filling station operator. Since the advent of WPA, AAA, CCC, Social Security and the like, the number of government checks issued each year has increased enormously, and opportunities for check forgers have grown correspondingly. In 1938 the Federal Government issued approximately 115,000,000 checks, and in 1939, 149,000,000. During the past year, however, the number of cases has diminished. Evidently, the

At the annual meeting of the U. S. Secret Service last month. Front row, left to right: John J. Fitzgerald, agent, New York; Alvin W. Hall, director, Bureau of Engraving and Printing; Chief Frank J. Wilson of the Secret Service; Dr. Maris M. Proffitt, educational consultant, Office of the Commission of Education.

Attending the meeting were Washington staff men and field agents of the Secret Service, state and municipal police officials, and James E. Baum, Manager, Protective Department, American Bankers Association.



HARRIS & I

nation-wide educational campaign being conducted by the U. S. Secret Service is having a beneficial effect, but the problem still is sizable and requires continued preventive measures.

With checks being issued all over the country in such large volume, it is not surprising that irregularities are much more numerous than in earlier years. Check cases received by the Secret Service for investigation in the fiscal year 1939 totalled 19,449 and in 1940, 17,949, whereas in 1933 the corresponding number was only 1,406. These cases involve questions relating to forgery, irregular endorsement, claims for duplicates, liability of cashing and presenting banks, attachments, adverse claims, probate proceedings, and so forth.

When a government check comes to the Treasury through banking channels for payment, and there is anything about it to suggest a crime, the check is sent to the Secret Service for investigation. Numerically, check cases account for the bulk of the investigation work of the Secret Service. On November 1, 1940, out of 5,199 pending cases, 3,059 concerned government

checks.

An indication of the growth of the problem is afforded by the statistics of arrests for check forgery. In the fiscal year 1930 such arrests numbered 362, an average of less than one a day. In the fiscal year 1939 the corresponding total was 2,598. And, incidentally, over 97 per cent of all Secret Service cases brought to trial result in convictions. Sometimes, when the irregularity was made by a member of the payee's immediate family, and the family is on relief, conviction is difficult.

Government check forgery is made easier for the crook by the fact that so many of the checks go to transients and to people without bank accounts in neighborhoods where protection of the mailbox is difficult. According to a Secret Service circular, many checks "are stolen from letter boxes or in other ways." Storekeepers frequently cash government checks for strangers because of fear of losing a sale.

Such a mistaken view has facilitated the passing of many stolen government checks. And, of course, the fellow who cashes such a check is the one to take the loss. Banks can spare themselves trouble as well as loss by helping to educate their customers to check their checks. Also, the customers will be grateful to the bank.

An important step taken to lessen the suffering of losses through the public's cashing government checks was the establishment early in 1939 of an interdepartmental committee made up of representatives of the Treasury, Post Office, Justice departments and WPA. Since most government check cases arise from WPA payments, special attention was centered on that problem. At the time, the WPA identification cards varied in appearance from state to state, and even city to city. A standardized identification card was prepared, and has now been adopted. WPA checks carry the same identification number as the payee's card.

The committee also worked out the red-ink printing which now appears on all WPA checks. Such checks now bear on the face in red the caution to see the identification procedure and instructions on the reverse side of the check. These are also printed in red.

FEDERAL WORKS AGENCY
WORK 79018273
ADMINISTRATION
WPA POWN
JOHN TO GENERAL WORKS AGENCY
WORK 79018273

JULY 15, 1940

Other of consistence

St. Louis
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A WPA identification card slightly reduced. Actual size is $4\frac{1}{2}$ " x $2\frac{1}{2}$ ". The cards are on heavy, green paper

A third protective step has been the change in the WPA payment procedure. Previously all checks were sent out twice monthly. Now, any persons seeking to steal others' checks have a much harder job, for WPA checks are sent out all through the week. Each WPA payee is informed in advance on what day of alternate weeks his check goes out, and every other Monday, Tuesday or Wednesday, as the case may be, he is advised to be on the lookout for the mailman or have someone else watch for the post.

Finally, in many districts, printed warning notices were sent out by the Government to merchants and others. For distribution through the New York Post Office, 110,000 warning notices, sufficient to reach every retail establishment in that city, were jointly prepared by the Secret Service and Post Office Department. Each was in a separate envelope addressed "Owner or Cashier, Retail Sales and Service Establishments, New York, N. Y." These notices were distributed through 46 sub-post office stations and thence by letter carriers.

Sometimes individual banks extend their enthusiastic cooperation to the Secret Service by reprinting and distributing the Secret Service check warning notices. The problem naturally varies in different parts of the country, depending on living conditions, local business customs and other considerations.

The Secret Service has recently started distributing to small newspapers mats of articles informing store-keepers how to protect themselves from losses through counterfeit currency and forged checks. Unfortunately, experience proves that it is usually the shopkeeper who can ill afford to suffer a loss of \$20 or \$30 who is defrauded. The Treasury Department is especially desirous of protecting that class of taxpayer from unnecessary losses, hence the nation wide "Know Your Money" educational campaign of the Secret Service. So far this campaign has reduced the losses materially, and with the further cooperation of bankers there is hope of making a still greater reduction in such losses.

That special caution is necessary when an individual has been asked by another person to cash a check goes without saying. The fact that the individual may himself work for the Government is no guaranty against

trouble and loss.

Modernize the Mortgages, Too

The following article is adapted from the thesis written by John E. Hunt, Vice-president of the Onondaga County Savings Bank, Syracuse, N. Y., in partial fulfillment of the requirements of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University. Mr. Hunt was a member of the School's Class of 1940.

Warrichout going into the pros and cons—if there are any cons—of the amortized mortgage, this article reports how one bank sold to its customers the idea of "modern financing for modern homes."

Advertising, publicity and promotion, done intelligently and persistently, turned the trick for the Onondaga County Savings Bank of Syracuse. So successful has the campaign been since it was started late in 1936 that the beginning of 1941 found the bank with 47 percent of its mortgages amortized, mostly on a monthly basis, and with all new mortgages being made after that pattern.

Before the Onondaga County could convert its mortgages into self-liquidating loans it had to convert its mortgagors. This was essentially a job for educational merchandising—constant suggestion, persuasion and old-fashioned plugging in newspaper copy, radio broadcasts, posters, direct mail folders, leaflets, personal letters, and personal interviews.

There were two parts to the customer conversion task. In the first place, the bank had to convince old mortgagors that they should change their open-end mortgages into the new type. Second, the general public had to be persuaded that new, up-to-date homes should be bought or built with new, up-to-date loans.

The bank began its campaign way down in the grassroots. It decided that "amortized mortgage" didn't mean much to the Boys from Syracuse, or to their fathers and mothers; so, after consultation with the advertising agency, the newcomer was christened "Thrift Mortgage", a term that had the merits of brevity and sales appeal. Also, it suggested economy.

Then the selling started. To reach its present customers—the people with the old "open enders"—the bank dispatched folders, letters and leaflets that stressed the thriftiness of the thrift mortgage. The copy showed simply and forcefully how one of the new mortgages saved the mortgagor money. A particularly effective folder compared the cost of a \$3,000 mortgage on the old and new bases, emphasizing the savings effected over the years. In questions and answers the text presented the information about thrift mortgages, pointing out, among other things, how old loans could be converted into new.

"With some slight changes," says Vice-president John E. Hunt, "this folder is still proving its usefulness not only among new buyers but also among a tardy number of old mortgagors who apparently have been reading our thrift mortgage literature and arguments

for conversion with a slowly growing belief that this might apply to them."

Occasionally the bank would enclose with interest notices to open-end mortgagors, flyers reading: "'I didn't know that this applied to me!' That's what a good many of our mortgage borrowers have said to us in recent months, when they learned that their old-fashioned mortgages could be converted with considerable savings in interest payments and with no legal expense or signed agreement being involved in the change." Other flyers reminded the customer that the bank wanted everybody to know about this opportunity; that over a period of years the change might mean a saving of \$1,000; that mortgage interest could be cut by 40 percent.

Concurrently, a folder was mailed to families who rented bank-owned properties. This copy introduced the thrift mortgage idea; emphasized that money now being paid in rent could help buy the home which the occupant knew all about; and quoted a purchase price, down payment and monthly payment covering interest and amortization. This copy worked, too.

When it came to bringing in new mortgage applications, additional media were needed. The bank began with regular newspaper schedules on a weekly basis, first explaining the thrift mortgage and then awakening a public interest by stressing the saving in cost.

Early ads bore such headlines as these: "The New Way to Save on Mortgage Interest." "Will You Owe or Own in 1957?" "When Will You Be Able to Burn Your Mortgage?" These advertisements featured illustrations of folders which the reader could have for the asking. "This Folder Means \$1,248 and a Home to Me! What Will It Mean To You?" the copy said.

After the ground had been thus prepared the newspaper campaign switched to the idea of modernity, with recurring emphasis on economy. Graphs showed the decreasing indebtedness and interest that went with the thrift mortgage. The desire for home ownership was not neglected.

The third theme, still being featured, is based on the simple reminder that the Onondaga County Savings Bank has plenty of money to lend on thrift mortgages.

Radio and billboard advertising promote the advantages of modern mortgage borrowing for home builders. In spot broadcasts over a local station the bank also frequently invites Syracusans to inspect properties it has for sale.

From these varied approaches to the mortgagor, prospective or present, many inquiries are received. The bank's reply, in part, has been a folder that briefly sets forth the elements behind a satisfactory mortgage relationship, making points that home buyers may have overlooked.

In all its advertising the bank has been guided by half a dozen well-defined principles:



Will You OWE or OWN in 1957?

Under the old type of mortgage you would still owe just as much as when you started. Under our new Thrift Mortgage you would owe nothing. You will own your home, entirely free and clear.

Call, write or phone for our informative folder on Thrift Mortgages. It may save you a great deal of money and worry in the years to come.



One of the newspaper ads used to promote Thrift Mortgages

(1) That a short message surrounded by plenty of white space is usually more effective than a long message in the same space; (2) that Arthur Brisbane was right when he said one picture was worth a thousand words—if it's the right picture; (3) that the advertising program must be continuous; (4) that it must be supplemented by personal contact with such groups as real estate men, architects and builders; (5) that this mutual bank, as an old local institution, had a special story to tell which would enable it to compete with non-banking lending agencies; and (6) that every mortgage applicant should leave the bank as a friend, regardless of whether his request had been rejected.

"After we began to see signs of favorable reaction to our advertising campaign," says Mr. Hunt, "we continued our efforts to convert open-end mortgages by sending a letter to a certain number of our mortgagors requesting them to call at the bank to discuss the amortization of their mortgage debt. Care had to be taken lest the number of letters sent out at one time exceeded the mortgage department's ability to give thoughtful attention to each person when he called; we didn't want anyone to wait too long for an interview.

"Naturally, a letter of this kind had to be given a great deal of thought and effort as we wanted first to convey an attitude of friendliness, and our primary aim was directed to selling the owner the idea of calling at the bank so that we could explain our plan to him.

"When he did call, great care was taken to see that he was cordially received and that he realized the bank's purpose in converting its mortgages was to help him, the borrower."

One of the first steps in the interview between a bank officer and a mortgagor is a complimentary remark by the banker concerning the property. A glance at the property inspection card, kept in the mortgage file, and bearing a complete description of the owner's home,

provides material for a compliment of some sort. Maybe the owner has a large, well-situated lot, or perhaps the photograph showed an attractive exterior, an improved driveway, a pleasant outlook. Anything that can be said in a complimentary way during the first few minutes promotes a successful interview, Mr. Hunt observes.

THE next step is for the officer to state frankly that the bank is trying to help the owner liquidate his debt.

"We discovered very soon," Mr. Hunt asserts, "that it did no harm to inform the mortgagor that the monthly payment plan meant increased transactions for the bank but that we felt our mortgagors were entitled to the additional service and were very glad to cooperate. To approach the owner from the standpoint that the bank's mortgage investments had been impaired by business conditions would be fatal, or to inform him that he had the mortgage for a great many years and had made no payments, would provide an excellent opening for him to bring up the subject of the state's mortgage moratorium.

"After the interview had been property started, the officer endeavored to find out when the owner purchased the property, what he paid for it, whether he occupied it, the income from apartments—if any, his present place of employment, and his other obligations.

"We explained in a casual way that any owner paying interest on a mortgage for 10 years had paid 50 percent of his mortgage in interest over that period and still owed the principal; whereas, if the mortgage had been on a monthly payment basis the debt would have been reduced about 40 percent of the original mortgage. It's remarkable how few people have ever stopped to look at interest payments in that light.

"Another interesting line of approach was to tell the owner the amount of interest he was paying a year and then ask what it would have been on a monthly basis. Again we were surprised at how few mortgagors have looked at the problem from this angle.

"Still another tack was to inform the owner that under the monthly payment plan his payment would remain constant throughout the year, thus avoiding peak obligations. Also, he would benefit by the lessening of the interest charge each month and the increasing principal payments.

"We feel it's good banking practice not to hurry the owner into amortization. We tell him it's perfectly agreeable to the bank if he talks it over at home before deciding.

Let's close this report—incomplete because of space limitations—with an anecdote.

One of the customers who had adopted the monthly payment plan was a hearty-voiced individual from the Owld Sod. Under the semi-annual system he had been giving the bank \$125 each interest period; under the 20-year setup his bill was \$33 a month.

Calling at the bank one July morning, he laughingly told an officer and several customers within range that he liked the new arrangement because under the old way he'd be coming in with \$125 whereas now he was only paying \$33!

JOHN L. COOLEY

THIS LETTER HAS BEEN SENT TO ALL MANUFACTURERS IN THIS AREA

NORRISTOWN CLEARING HOUSE ASSOCIATION



December 12, 1940.

Mr. John Doe, President Doe Manufacturing Company, Norristown, Penna.

Dear Mr. Doe:

The purpose of this letter is to inform you, as a manufacturer, that the Member Banks of the Norristown Clearing House Association are prepared to consult with you construct and in solid properties of the obtaining of National Designs on connection the angle of National Designs of the National Period of National Period

In aniet you in having your name placed on these lists.

It may be that you have some problem in the financing of National Defense contracts already accepted. Regardless of whether works problems are in the powring of working capital or in the problems are in the powring of additional plant facilities place to the problems of funds of the construction of additional plant facilities place the same of the various blanks of the Norristown Cleaning the House Association are prepared to exist you as to contracts on which you may contemplate bedding in the future.

Not may contemptate bidding in the future.

National Defense is a job which requires the full cooperation of the preductive, distributive and instancial systems of our country. It is not to be considered to the preductive distributive and instancial systems of our country. It is not which man the door prompts of thereoughly. Under energency is high have built the American contourn yet being directed to be quick efficient apply of our normal production of the man and the standard of the country are found to the contract production of the country are found to the contract production of the country are found to the contract production of the country are found to the contract production of t

Very truly yours. NORRISTOWN CLEARING HOUSE ASSOCIATION

The Member Banks of the Norristown Clearing House Association consider it a privilege to assist in the financing of the National Defense Program

BRIDGEPORT NATIONAL BANK

NATIONAL BANK

MONTGOMÉRY TRUST COMPANY

THE PEOPLES NATIONAL BANK

Members Federal Reserve System Members Federal Deposit Insurance Corporation

Below and right, advertisements prepared by the Advertising Department, American **Bankers Association**

Let's get to work



Preliminaries are out of the way. Our defense program is in full swing. Let every one of us pitch in and do his part, no matter how small.



Our function is to supply credit—and we are ready!

G-945

DEFENSE LOANS

We will cooperate wholeheartedly with business firms participating in the national defense program. Applications for loans to finance defense projects will receive our immediate attention.

Bank Signature

There's No. Credit Bottleneck

The reader is referred to ALBERT W. Atwood's article on page 19, "\$20,000,-000,000 or So."

PORTUNATELY the President recognizes that "a start should be made this year to meet a larger percentage of defense payments from current tax receipts." Whether he and Congress and public opinion will have the courage to put this sound principle into effect remains to be

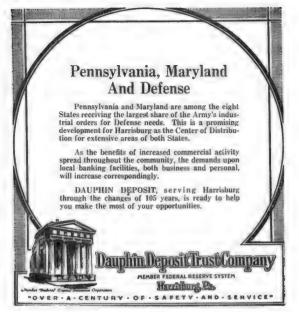
(CONTINUED ON NEXT PAGE)

The ad at the left was followed by a commendatory editorial in the local newspaper

WHO WILL FINANCE **DEFENSE?**

- * Financing of the vast national defense program will take two forms: direct expenditures by the government financed by the sale of Federal securities, and the financing of business concerns which have government contracts.
- * We believe that both forms of financing can and should be carried out through normal, existing channels. The banks of the country have the resources, the trained personnel and the knowledge of their own communities which equip them to handle a very large part of the necessary financing.
- * This bank welcomes loan applications from local firms participating in national defense projects. Such applications will receive immediate attention and cash will be made available at once when normal safeguards are assured for depositors' funds.

Bank Signature



DO YOU Have Capacity to Furnish National Defense Supplies, and Need Financial Assistance?

(FILL OUT AND MAIL TO	THIS BANK TODAY)
1—We are now manufacturing of products or articles:	or processing the following
2—We would be interested in sup- articles or products:	plying the following Defense
	W 100
***************************************	***************************************
3-We now employ approximatel	y people.
4—Our 1940 sales approximated 5	
5—In 1940 we operated at	
8-We are now operating at	
7—We would require financial at approximately, as follows:	
[a] For Working Capital \$	******
[b] For Fixed Capital \$	
This information is furnished with for the information of the Nationission, and your desire to be opossible.	ional Defense Advisory Com-
Name	
Street and No	
City	

This bank is cooperating with the Federal Reserve Bank of Atlanta and the recently organ-ized "Florida Bankers National Defense Loan Committee," in aiding in the financing of the Government's National Defense

The immediate function of the Florida committee is to learn quickly the present and potential capacity of Florida's industries to manufacture or process articles useful in National De-

It is our desire to be helpful in enabling business concerns to participate more fully in the National Defense program, and to facilitate the obtaining and financing of contracts.

Through the Federal Reserve Bank we will be kept constantly advised as to arrangements for the placing of National Defense contracts.

If you are interested, please fill out the attached questionnaire and return to this bank promptly. We will be glad to have you consult with us. Our services are at your disposal.

Linton E. allen



THE FIRST NATIONAL BANK AT ORLANDO

ORLANDO, FLORIDA FEDERAL DEPOSIT INSURANCE CORPORATION

A Special Service



for National Defense

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Todayevery business execu-tive, kernly awars of the scope and importance of America's prepared ness program, seeks authoritative answers to questions like these:

"Hove can our company help speed the pro-gress of national defense? . . . "How and where can see offer our services and manu-facturing facilities?"

foreturing facultimes."

Through our membership in the Federal Reserve Spitem — and in cooperation with the Goordinator of Nistonal Defense — ve new offer a special service designed to help you a nariver jain onch speasions. You will appreciate this timely assistance of your company in out offered you the invitation bidding lists of any beauch of the U. S. armed services.

The precedure is essentially sample, direct, practical. Come in and talk thangs over with one of our officers. Then, if you wish to had government contracts or eab-contracts, fall out the questionnaire form furnished to us

manufacture, types of defense ar-could supply, and other pertinent confidential. of course.

By so doing, you will not only gre-

expression to your willingness to erryou will also help to inventory the maturing faculties of this community not the government's expressed policy of training the purchase and production fense materials, equipment and out

We will gladly discuss this matter was detail, at your convenience. And a find us ready and eager to do everyil possibly can to assist in co-ordinate



Bay View Office

5 Assertance near Result

Originality of ideas is shown in these ads from Florida, Wisconsin and Pennsylvania

(CONTINUED FROM PAGE 33)

Fortunately also both the President and the Treasury seem to recognize at last, although very belatedly, the dangers in the continued sale of Government bonds to banks. The President merely stated in his budget message that "individual investors will be given increased opportunities to contribute their share toward defense through the purchase of Government securities.

This is an old subject, but ever new and pertinent, and brought to a head early in January when the Federal Reserve Board, the presidents of the Federal Reserve Banks and the Federal Advisory Council made a special report to Congress, urging, among other things, that the

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CLEVELAND ... Center of One of America's Best Sales Territories and a Sales High Spot in the Nation Since June 1

An increasing influx of new dollars into the Greater Cleveland area in substance that retrievely, more and more, one of the nation's present markets for your goods and services.

Over 150 million dollars in direct "preparedness" contracts, and several times this amount in sub-contracts, al-grady have been awarded to industries

This is a profitable area in which to buy, to sell, to build and expand

resources to help you. An officer of this Bank will be glad to call and discuss

RESOURCES OVER

The Clevelano **Trust Company** MEMBER FEDERAL RESERVE SYSTEM

LOANS TO FINANCE THE DEFENSE PROGRAM

Buffalo and Western New York are taking an important part in national preparedness. The Marine is eager to amist local industries to the fullest extent in the finaneing of preparedness orders.

If you find that you need funds for supplies or materials. for equipment or machines, for plant expansion, for payrolls or other such purposes, we invite you to discuss with us the matter of financing your requirements.

MARINE TRUST COMPANY

Buffala's Oldest and Largest Commercial Bank

The Cleveland Trust Company and Marine Trust Company

Right, realizing that you can't read all of the Meadville ad, we're sum-marizing its message. At top, it boosts its citizens, products, artisans, workmen and banks; center, it tells what a bank is; around the margin, left to right, it boosts Meadville as a retail trading center, sells home ownership, shows bank signatures, gives ratios of loans to deposits for '29, '31, '39, '40, describes trust services, and emphasizes the banks' readiness to make

loans

financing of government needs "should be accomplished by drawing upon the existing large volume of [bank] deposits rather than by creating additional deposits through bank purchases of government securities."

The 1940 report of the Secretary of the Treasury shows that in the eight fiscal years from June 30, 1932, to June 30, 1940, the total interest bearing debt and guaranteed obligations of the United States increased by 28.7 billions, of which commercial and savings banks took 13.1 billions, Federal agencies and trust funds 6.5 billions, insurance companies 5.3 billions and individuals and corporations other than banks and insurance companies only 3.2 billions, with the greater part of even this small amount consisting of savings bonds.

ALBERT W. ATWOOD

MEADVILLE ENTERS 1941 WITH WELL-JUSTIFIED CONFIDENCE

*
re are many reasons why Meadville can look forward to 1941 and the years to come with There are many reasons why Meadville can love forward to 19t1 and the years to come with west-blounded endience. Meducille hand an able citizency, and a njested bitmage from the pact. Never booming, never experiencing a disastrous alongs. Mead-wis has processed from year to year, from decade to decade, building will, service will. Meducilie in not a monographic from-nor with autromating agreeitural area a "one-crys" review. Meadville products of factory and farm are diversified, ye to many different users in all parts of the country and abroad. And Mead-ville's products are well-established, bear an eventable repositation among users everywhere.

Georginologii Medelilli in the enter of the richtst and most production aming users retrigence.

Georginologii Medelilli in the center of the richtst and most products an antick area of comparable use in the world. A fine razirosd provides access to raw materian and gives distributive findilities. There is no adequate intelligent capital that furnishes matchines and opportunity for craftnern. And there are librare from baths, forward-hooting, sprapmented, espaids and willing to a fail in furthering round plane of Meedelili businesses and individuals. Seem of the ways that the banks participate in the progress of the community are solution of this page.



What is a Bank?



MEADVILLE BANKS LEND MONEY FOR WORTHWHILE AIMS

TRUST SERVICES



1941 WILL BE A GOOD YEAR TO RUY OR RUILD IN MEADVILLE

CONSULT ANY MEADVILLE ARCHITECT OR CONTRACTOR

				Dembro	g up A	Fearly	nille, 2029 to 29	W/4	
A		~ 1	Business				Total Deposits	Leave, Mortgages	Batm to Deposits
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The Crawford County Trest Company, The First National Bank of Meadville, The Merchants National Bank & Trust Compan

THE MEADVILLE BANKS

The Month



LEGISLATION—With scarcely a pause between, the 77th Congress began legislating where the 76th left off. Above, right, the new and retiring Presidents of the Senate, Messrs. Wallace and Garner (behind cigar smoke). Above, left, Majority Leader Barkley talking to reporters



KEY MEN-Above, left, the Priorities Board at its first meeting. Left to right, Capt. Anderson, Messrs. Henderson, Knudsen, Stettinius, Nelson, Gen. Moore, and Mr. Biggers. Above, right, Admiral Husband E. Kimmel, Commander-in-Chief of the three newly designated U. S. Fleets

SHOES, SHIPS, SEALING WAX-Below, right, dedication of the new Navy Service School built by Henry Ford at Dearborn, where technical and mechanical training will be given to naval recruits. Below, left, Secretary

Morgenthau and Arthur B. Purvis, head of the British Purchasing Commission





TWO ASPECTS OF PRODUCTION—Above, left, CIO leaflets being handed to workers leaving an aircraft factory. Right, a shipment of obsolete U. S.-built tanks on the way to Canada



TWO SIDES OF THE CHANNEL—Above, left, Prime Minister Churchill watching anti-aircraft fire "somewhere in England". Above, right, German troops in "invasion barges" somewhere on their side of the Channel coast

EASTERN FRONTS—Below, left, Russian machine gunners on parade in Moscow. (These weapons are principally offensive.) Below, right, British supplies being unloaded in Greece



February 1941

LUK

Famous Check Signatures

ONE of the outstanding collections in the United States of bank checks of famous personages is that of the Union Bank of Commerce, Cleveland.

Forty-nine specimens are contained in the collection, including eight presidents—Washington, Jefferson, Madison, Jackson, Tyler, Lincoln, Garfield and Benjamin Harrison. Each check is framed with an engraving or photograph of the author.

The Lincoln check has a rare historical significance, as it is the last check he wrote, being dated April 13, 1865, the day before his assassination. It is made out for \$800, payable to himself. Another interesting item is a check by Charles Dickens dated June 4, 1870, five days before he died

The earliest date in the collection is February 22, 1781. The author of this check was Francis Hopkinson, a signer of the Declaration of Independence. The most recent check is that of Jack London, author and soldier of fortune, drawn for \$4.40 on the Central Bank of Oakland, California. on October 3, 1905.

Several of the checks are drawn in English pounds instead of dollars. These were drawn by Sir Walter Scott, Percy Bysshe Shelley, William H. Prescott, American historian, and Aaron Burr.

Eight of these items are shown below. In actual dimensions, the checks shown range in size from Tyler's, $5\frac{1}{2}$ " x 2", to Mark Twain's, which is 8" x 3".



A check of Ralph Waldo Emerson



One written by Mark Twain (the collection's largest in denomination



The first President used bank service



So did the 23d

Cashier of the	Office of Discount and Deposit of the
	BANK OF THE UNITED STATES.
A STATE OF THE STA	BOSTON, 12 24 182 8
Pay to	me Bow Ith or Bearer,
	One heen Few Husuly Dolls. ols.

The signature of Daniel Webster

Washington, Tyle, 1 1814

No.

OFFICE of Pay and Deposit of the Bank of Celumbia,

Pay b (b) fineline leave leave delease

Access delease

Access delease

Private Account.

One written by the 4th President

John Tyler, 10th President

Gideon Welles was Lincoln's Navy Secretary







Bank-Pioneered RECORDAK now works for 19 big railroads

RECORDAK, invented by a bank official, has proved such a flexible "member of the staff" in thousands of ably managed banks that it's now "working on the railroad," too.

Today a score of the nation's greatest

Today a score of the nation's greatest railroad transportation systems have found a steadily growing use for Recordak—use it to speed operations, save time, cut costs.

For example, at certain important junction points on a big mid-western road the slow hand-copying of waybills is a thing of the past. Recordak copies them photographically...90 to the minute. And that helps keep fast freights faithfully on split-second schedules.

Errors in copying are impossible. Recordak is a photographic, hence a dependably accurate, worker.

Do you need Recordak? "Yes," say thousands of your fellow-bankers. They praise the incomparable protection and increased efficiency it affords—point to savings up to 45% net in per item costs, up to 50% on supplies, up to 98% in storage space. Recordak is rented; not sold. Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N.Y.



Bank Model Recordak. Speeds up transit operations, photographs paid checks for protection of bank and depositor.



Reversible Recordak. Photographs both sides of checks and large forms in a single operation, lightning fast.



Recordak Junior. For smaller banks, and special departments of large banks (tellers' cages, filing departments, etc.).



Commercial Recordak. For photographing all bank forms. Widely used for the Recordak System of Single Posting.

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS



National defense industries, shifting into high gear, should not overlook their fire insurance coverage, or any safeguard that will prevent fires.

IRM insurance protects property both ways. IRM fire-prevention engineers rigidly inspect every applicant's property. If it is—or becomes—an improved risk, then, and only then, is it eligible for IRM protection. Because of this careful selection of risks. and follow-up inspections by fire-prevention engineers thereafter, IRM policyholders are less likely to suffer fire damage and resulting shutdowns. Proof of this low loss ratio is found in the fact that IRM policyholders have received a 25% return of premiums every year since the organization of this group.

For sound indemnity at minimum cost, ask us to send an IRM fire-prevention engineer to inspect *your* property, without cost or obligation.



IMPROVED RISK MUTUALS

60 JOHN STREET, NEW YORK

A nation-wide organization of old established, standard reserve companies writing the following types of insurance: Fire • Sprinkler Leakage • Use and Occupancy • Tornado and Windstorm • Earthquake • Rents • Commissions and Profits • Riot and Civil Commotion • Inland Marine

The Legal Answer Page

Wages and Hours

Does the time spent by bank employees studying banking courses constitute hours worked for the purpose of the Wage and Hour law?

The Wage and Hour Division's Interpretative Bulletin No. 13 considers the problem of employees who attend meetings or lectures which may help to advance them in their work. Four criteria are set which, if met, make it unnecessary to consider hours so spent as hours worked. The four tests are: (1) attendance on the part of the employee is in fact voluntary (attendance will not be considered voluntary if a condition of the employee's continued employment in his present job is attendance at the meeting or lecture); (2) the employee does not produce any goods or perform any other productive work during such meeting or lecture; (3) the meeting or lecture is given outside of regular working hours; and (4) the meeting or lecture is not directly related to the employee's work.

An explanation of the application of these standards to "attendance at public school, recognized universities or other bona fide institutions of learning" is given subsequently in this interpretative bulletin as follows: "In some cases employees attend public schools or take regular courses in a recognized university or other bona fide institution of learning. The courses given are part of a standard curriculum and are not designed to accommodate the requirements of any particular plant. Thus, for example, a teller in a bank may take a university course on the financial policy of corporations, or a mechanic in a factory may take a course in draftsmanship or physics. In these cases the subject matter of the course impinges on the general subject matter of the employee's job and makes him more versatile and better qualified to assume additional responsibility. The instruction, however, has no necessary and immediate relation to the particular work done by the employee and he does not, of course, engage in any productive work for the employer during the time spent taking this course. In our opinion time spent by an employee outside regular working hours in attending lectures at, or in studying correspondence courses given by, a public school, or university, or other bona fide institution of learning (even if the employer pays the necessary tuition) will not be considered 'directly related to the employee's work' and, if attendance is voluntary, need not be considered hours worked."

Safe Deposit Tax

May a state tax the safe deposit business of a national bank?

THE Supreme Court' of the United States in the case of Colorado National Bank of Denver v. Bedford

Treasury Ruling on Directors

Directors of a bank performing services as members of various committees created by the board of directors or under the by-laws of the bank are employees of the bank for purposes of determining whether the institution is subject to Federal unemployment taxes as an employer of eight or more persons. Fees paid directors for such services are wages subject to the Federal unemployment tax and the Federal insurance contributions tax, according to a Treasury Department ruling received by the General Counsel of the American Bankers Association.

(310 U. S. 41, 60 S. Ct. 800) upheld such a tax imposed by the state of Colorado. The Colorado statute imposes a tax of two per cent of the charges made by the bank for safe deposit services.

Although the statute provides for payment of the tax by the bank, it provides also for the addition of the amount of the tax to the charge for performing the service, for recovery by persons to whom the services are rendered of illegally collected taxes, and for credit to the bank for taxes paid on accounts subsequently found worthless.

The national bank claimed that the tax statute was a violation of the immunity of national banks from taxation other than that authorized by Section 5219. The bank further contended that even though it is not the taxpayer and the tax burden as such is not unlawful, the burden of collection, report and visitation materially interfere with the performance of its national banking functions.

In reply to the first contention of the bank, the Supreme Court agreed that the tax would be invalid if laid upon the bank; that national banking operations are free from state taxation except as Congress may permit. However, the Court went on to say that Congress has not legislated against taxation of customers of national banks. As the Colorado act requires the safe deposit tax to be added to the charges for service as a separate and distinct item and makes it a debt from the user of the services until paid, the tax is upon the user of the safe deposit boxes, not upon the bank.

On the question of the tax unlawfully imposing a burden of collection upon the bank, the Court held: "The tax being a permissible tax on customers of the bank, it is settled by our prior decisions that the statutory provision requiring collection and remission of the taxes do not impose an unconstitutional burden on a federal instrumentality. Especially is this true since the bank under the Colorado act is allowed three per cent of the tax for the financial burden put upon it by the obligation to collect."

Thousands of Banks for 28 years reduced bank costs with Monroe Adding Calculators



Completely Automatic Calculator. "Split Second" Automatic Multiplication, positive and negative with automatic short-cut, automatic division, electric carriage shift and clearance.

Many of these same banks are now reducing bank costs with Monroe Adding-Listing and Bookkeeping Machines



The completely automatic bank posting machine emphasizing speed and smoothness of operation.

MONROE ADDING-CALCULATORS are at work on:

Bank Account Analysis
Loan Interest
Daily Accrual Accounting
Overtime Payroll Calculations
Credit Ratios
Bond Calculations
Mortgage Loan Schedules
Interest on Savings Accounts
Statistics
Foreign Exchange



Simple Portable Electric Calculator. Ideal for use in cages where space is at a premium. There are 24 models of Monroe Adding-Calculators.

MONROE LISTING AND BOOKKEEP-ING MACHINES are cutting costs of:

Commercial Accounts
Savings Accounts
Transit Letters
Deposit Ticket Proof

Loan Ledgers
Teller's Proof
General Statistics
General Listing Utility

The nearest Monroe Branch will be glad to put a Monroe Machine to work on your own figures without any obligation. We will gladly send you a free copy of "Account Analysis for Banks."



The advanced simple listing machine, combining Monroe "Velvet-Touch" with portability and speed to produce quick and accurate listings anywhere in the bank.

MONROE CALCULATING MACHINE COMPANY, INC.
ORANGE, NEW JERSEY

Hints on Overtime Control II

E. S. WOOLLEY

This is the second article on overtime control written by the author for Banking, the first having appeared in the January issue.

To BE PROFITABLE, banks must eliminate all unnecessary duplications of work and records. This is essential, not only in order to keep overtime payments to a minimum but also to enable banks profitably to sell their services in a competitive market.

It should be clear to all that any attempt to operate a bank under methods of the past is but to court disaster. The cost of banking services must be controlled so that they can be sold to the public at prices that the public is willing and able to pay. If this is not done there is no question but that sooner or later some other type of organization will be designed to supply the need.

Banking must forestall that, but it cannot be done by continuing methods designed 20 years ago. Many of the duplications evident in banks were installed then in the fond belief that they provided internal check. This is not true. Internal check contemplates that, as far as possible, all transactions should pass through at least two hands, not that there should be a duplication of records.

If there is one clear record in one place and that record is adequately indicated in the general books no other is needed

Most duplications, of course, are individual to each bank and therefore can be revealed and corrected only through a study of that bank's own operating methods. Experience has shown that this is a study that pays handsomely.

The Earning Power of Money

If there is one fact that stands out clearly in the financial world today it is that the earning power of money is on a steady decline. How far that decline will eventually reach no man can accurately foretell. But if it proceeds at anything like the same rate during the next decade as it has during the last it will reach the vanishing point. Already banks have purchased U.S. Treasury bills with a minus yield.

Definitely, however, the earning power of money has been, and gives every indication of continuing to be, on the down-grade. No amount of philosophizing or wishful thinking can change that fact. At the same time the earning power of services has been steadily rising—not only through increases in remuneration but also through decreases in the time and effort required to earn that remuneration.

The Author

There are some duplications, however, that are general to most banks. Among these are check registers. Some banks will write the name of the payee, amount, date, etc., on the check and again on a stub and again in a check register, and then, in the case of expense checks, will again repeat them all in a distribution journal.

All of these duplications can be avoided through the use of a copy of a voucher check prepared in one operation at the time the check is issued. These copies can be placed in "paid" and "unpaid" files and can be used as the posting medium direct to the accounts.

In this connection, the use of a long columnar book for expense distribution is not only costly and unwieldy but is also much less practical from every standpoint than posting direct from the copy of the check to a proper expense classification on a ledger sheet. Such a method enables the instant comparison of monthly and cumulative totals of every expense and therefore greatly reduces the time required for the preparation of operating statements.

Furthermore, when the items are posted direct to such ledger sheets, only one posting is needed for a complete record.

On the other hand, when columnar expense journals are used the totals have to be carried forward from month to month, and there are usually two or more columns which have to be analyzed each month, thereby necessitating the writing down of all the figures and often the explanation again.

Also when it is required to trace back an account for any reason, the figures have to be built up again on work sheets. All this is dispensed with and the original posting cost is less when the items are entered direct to the proper account.

As many copies of the checks can be made as are required in individual cases. For example, one copy could be filed with the invoices under payees' names. One copy could be kept in numerical sequence in the auditing department and one used as the check register by filing in paid and unpaid files.

Even if a check register were thought necessary, as in the possible case of trust department checks, it still is not necessary to write anything in it but the number and amount.

This check register could be a sheet punched at the top for binding in a looseleaf binder. It could be printed with numbers 00 to 99 and the serial number placed at the bottom of each sheet. These sheets would contain columns for amount, date issued and date paid. Since copies of the checks will have all necessary information, it is not necessary to repeat the information on the register.

An Important Tax Ruling

CHARLES H. MYLANDER

Mr. Mylander, vice-president, Huntington National Bank, Columbus, Ohio, is chairman of the Subcommittee on Taxation of the A.B.A. Federal Legislation Committee.

THE Bureau of Internal Revenue promulgated a ruling on July 8, 1940, known as G.C.M. 22163, holding that all recoveries on debts previously deducted and allowed must be included in gross income for the taxable year in which received, regardless of whether or not the prior allowance of the deduction resulted in a tax benefit to the taxpayer.

This ruling in effect reversed the prior rulings of the Bureau, known as G.C.M. 18525 and G.C.M. 20854, which held that recoveries on debts previously charged off pursuant to instructions of the bank examiners in the one case, or voluntarily charged off in the other case, to the extent that the prior deduction of such debts did not result in a tax benefit to the taxpayer, need not be included in gross income. The position taken by the Bureau in G.C.M. 22163 is substantially a return to the position taken by it prior to the promulgation of G.C.M. 18525 and G.C.M. 20854.

There was nothing in the language of G.C.M. 22163 to indicate whether it was to be applied retroactively or only prospectively. As a result of this the Internal Revenue agents in the field, in the case of banks whose returns for prior years had not been audited, sought to require such banks to include, in their gross income for such years, recoveries on debts previously deducted and allowed, which the banks had not included in gross income in such years in reliance on the earlier rulings of the Bureau.

This situation was of such serious consequence to many banks that D. J. Needham, General Counsel of the American Bankers Association, on behalf of the Association, addressed a letter to the Commissioner of Internal Revenue pointing out the inequity in the retroactive application of G.C.M. 22163, and requesting that it be applied only prospectively.

In response to this request the Commissioner ruled that G.C.M. 22163 would not be applied, in the case of debts deducted and allowed in income tax returns filed during the periods in which G.C.M. 18525 and G.C.M. 20854, respectively, were in effect, to recoveries on such debts, if the deduction did not result in a reduction of Federal income tax liability.

The effect of this modification of the application of G.C.M. 22163 is to exclude from gross income in any taxable year in which a recovery is received on a debt which was charged off under instructions of a bank examiner and taken and allowed as a deduction in an income tax return filed between June 28, 1937, the date on

which G.C.M. 18525 was promulgated, and July 8, 1940, the date on which G.C.M. 22163 was promulgated, the amount of such recovery equivalent to the amount of the deduction which did not result in a tax benefit to the taxpayer.

Similarly, a recovery on a debt voluntarily charged off and taken and allowed as a deduction in an income tax return filed between February 27, 1939, the date of promulgation of G.C.M. 20854, and July 8, 1940, the date of promulgation of G.C.M. 22163, is excluded from gross income in the taxable year in which received to the extent that the deduction did not result in a tax benefit to the taxpayer.

Simultaneously with the promulgation of G.C.M. 22163 the Bureau amended its regulations relating to the deduction of debts charged off under instructions of bank examiners. This amendment is set forth in T.D. 4978, and provides that a bank which failed to take a deduction of a debt in the year in which the charge-off took place will not be precluded from taking such deduction in a later year if it can produce sufficient evidence to show (1) that the amount claimed in such later year was ascertained to be worthless or recoverable only in part in such year, and (2) that, to the extent that the deduction claimed in such later year was not charged off pursuant to instructions of the bank examiner in prior years, it was charged off in such later years.

The regulations prior to this amendment required that a debt charged off in whole or in part pursuant to instructions of a bank examiner in order to be allowed had to be taken in the year in which it was charged off. If so taken, the fact that the charge-off was pursuant to instructions of a bank examiner constituted a conclusive presumption of the total or partial worthlessness of the debt.

The effect of this amendment is to leave it to the bank to determine whether it should take the deduction in the income tax return for the taxable year in which the debt was charged off pursuant to the instructions of the bank examiner, or wait until some later year to take the deduction, in which case the conclusive presumption that the debt was worthless or recoverable only in part would be lost and the bank would have to produce sufficient evidence of its total or partial worthlessness in such later year to satisfy the Commissioner.

In making such determination, however, a bank may well consider the advisability of not taking a deduction of a debt which would result in no tax benefit to it, or a deduction of a debt upon which there appears to be a possibility of a substantial recovery in the future, thereby avoiding in either case the necessity of including recoveries on such debts in gross income in the taxable years in which received.

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Bank Insurance Reporter

Comprehensive Liability Insurance

HORACE ERVIN

Mr. Ervin is with the advertising firm of Albert Frank—Guenther Law, Inc.

Do pay on behalf of the bank all sums which the bank shall become obligated to pay because of the liability imposed upon it by law, or assumed by the bank under contract.

These words may bear the familiar taint of formality, but they are the opening (not quite verbatim) of one of the most valued contracts in all human and commercial relationships. This is spoken of no less an instrument than the liability insurance policy, which binds one party (insurance company) to assume the liability of another (yourself, the insured). Actually, this amounts to the company's shouldering the risk and taking the rap financially for injury or damage you cause, within policy limitations. For this you pay a protection fee commonly referred to as the premium.

The broad gist of the liability contract, summarized in this fashion, is worth digesting at the moment, because of the fact that the policy has just undergone deep-seated changes affecting not only details of coverage, but principles too. Now free of the surgeon's knife, sewed up and officially discharged just recently (January 20), the rejuvenated policy has been adopted by 36 liability-writing stock companies of the National Bureau of Casualty and Surety Underwriters. These are important companies, because they receive a substantial portion of all premiums paid to stock "carriers" in a single year. The new form will also be used by many mutual companies which underwrite liability hazards.

The policy is on the one hand a departure from conservative camps, though entailing no unsound underwriting practices; on the other, it is a militant forward march toward "all-risk" coverage—with hopes indicated for greater protection at about the same cost.

Analysis

ACTUALLY, not one but two new liability contracts have emerged. They are (1) the comprehensive general liability policy, and (2) the comprehensive automobile liability form, the latter being a modification of the policy every motorist is familiar with in its pre-January 20 form. (This, it should be noted, is the auto liability policy written by casualty companies. See "Bank Insurance Reporter" in January 1941 BANKING for a summary of changes in the companion auto fire policy written, of course, by fire companies.) Both of these policies are intended primarily for business, including bank, use more than for individual application. Because each is a study unto itself, this department discusses only the comprehensive general policy here, leaving until a later issue consideration of the comprehensive auto policy changes.

Once you have digested the formidable title (Comprehensive General Liability Insurance Policy), the salient fact to recognize is that with this protection you are insured now against all types of hazard not excluded. You should bear in mind that formerly, in a sense, you had to select the hazards you wanted included, or have many attached by

endorsement. In the "straight" liability form, for example, you had to be sure you had every coverage needed to cover all phases of liability that were likely to occur; in the more recent "schedule" liability policy (1940 vintage), you had six basic types of risk ((1) Premises-operations, (2) elevator, (3) products, (4) teams, (5) contractual and (6) independent contractors) labeled and laid before you, and could designate your choice according to exposure and need. In any event, you had to pick and choose your coverages. The danger was that oftentimes a few important hazards were left unpicked, with exposure lying cold on your stoop.

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New Principle

SUCH is not the case with the new *comprehensive* form. This "do-all" of the liability field has only one insuring clause (two when property damage is included), but spreads its influence across the whole area of liability exposure that is part of the corporation's operating panorama.

Part A—Bodily Injury: Covers all bodily injury, sickness and disease caused by accident for which the bank may be held liable. (This is as broad as the earth, but note exceptions.)

Part B—Property Damage: Destruction and loss of property, caused by accident, are included. (Again, the sky is not the limit; note exceptions.)

EXCEPTIONS

Part A—Automobiles and watercraft not on premises, aircraft and employer's liability and workmen's compensation.

Part B—Damage to property owned or controlled by you, and to property which causes the accident.

Accent on Accident

IT is important to bear in mind that this policy, like the "Schedule" liability policy before it, places emphasis exclusively upon bodily injury and property damage



caused by accident. What might be called personal injury liability is not insured here; and shut out of the fold are liability grievances such as libel, insult, slander, false arrest and malicious prosecution. But for all of these, coverage may be obtained.

The policy is strictly a liability affair and bears no relation to other casualty coverages or to

fire coverages; it does not aspire to cover damage ordinarily covered by other forms of insurance. Within the liability field, the policy follows newly acquired business locations, newly created liability exposures, new business operations or even an entirely new business. The coverage is not limited to a business described in the policy.

Figuring Overtime

WRITING under the title "Control of Bank Overtime" in January BANK-ING, E. S. Woolley included in his article a table used by the Wage and Hour Division of the Department of Labor for computation of overtime earnings under certain circumstances. The table is applicable to the situation prevailing in banks, and an example of its use was given by Mr. Woolley.

However, there still appears to be considerable misunderstanding of the method to be used in computing bank employees' overtime, and more than one letter has been received by BANKING asking whether Mr. Woolley's arithmetic is correct. Needless to say it is, but the point may be clarified if one of the letters is quoted here, together with Mr. Woolley's answer.

For example:

To the Editor:

We have such a high regard for Bank-ING and particularly for the contributions from Mr. Woolley that we hesitate to criticize the overtime earnings table appearing in the January issue, but it seems apparent that the table is incorrect and that the figures shown have been obtained by dividing the number of hours overtime by twice the number of hours worked instead of by $80\ (2\times 40)$.

Taking the example of an employee working $45\frac{1}{2}$ hours one week with a regular weekly pay of \$30, the overtime payment would seem to be $5\frac{1}{2}$ x (75 plus $37\frac{1}{2}$) or \$6.19, or \$4.13 pay plus \$2.06 penalty payment, instead of \$1.81 as shown on the article.

Will you kindly let us know if we are not correct in assuming that the schedule was printed without your personal examination of the figures, and that the number of hours overtime should be divided by 80 instead of by twice the number of hours worked.

Extracts from Mr. Woolley's reply:

The table, which was prepared by the Wages and Hours Division of the Department of Labor, has proved correct in every test to which I have put it, including the one cited in the article and referred to in your letter.

In this example the base wage figures out at 65.93 cents per hour; that is, \$30 divided by $45\frac{1}{2}$ hours. The employee has received full base pay for these $45\frac{1}{2}$ hours and therefore all that is due him is half pay for the overtime, or 33 cents per hour for $5\frac{1}{2}$ hours, which is \$1.81.

This method has been approved by the Wages and Hours Division. It is true that under it the base hourly rate of pay declines as the number of work hours increases, which means that an employee

who, at \$30 per week, works only 40 hours receives in effect 75 cents per hour for his efforts, whereas for working 45½ hours the base pay is only 65.93 cents per hour and for 56 hours the hourly rate declines to 53.37 cents.

However, this has always been the case with a constant wage and fluctuating hours. At all times some bank employees have worked fewer hours than others. Tellers and the general ledger bookkeeper for example. Offsetting this apparent unevenness in hourly rate is the fact that

bank employees have a surety of steady income which does not exist with the hourly wage earner. Furthermore there is a greater security in their positions than in most other lines of endeavor. Certainly banks do not want to destroy this feeling of security among bank employees by substituting hourly wages for fixed salaries.

If your bank is paying overtime on the basis suggested in your letter it is paying very considerably more than is contemplated under the regulations.



The First National Bank of Chicago

Seventy-Seventh Annual Statement, December 31, 1940

ASSETS

Cash and Due from Banks, .						\$439,782,483.95
United States Obligations—Direct	and f	ully G	uarar	iteed,		
Unpledged,	. 5	\$315	311,	364.6	59	
Pledged-To Secure Public Deposits	and					
Deposits Subject to Federal Court O	rder,	42,	404,	314.	71	
To Secure Trust Deposits, .	•	43	,984,	895.0	06	
Under Trust Act of Illinois, .	•		523,	582.9	98	402,224,157.44
Other Bonds and Securities,	•			•	٠	80,691,613.44
Loans and Discounts,						301,592,127.24
Real Estate (Bank Building),					٠	5,399,176.99
Other Real Estate,						967,054.36
Federal Reserve Bank Stock,			•			2,100,000.00
Customers' Liability Account of	Acce	ptano	ces,			2,406,212.43
Interest Earned, not Collected,						2,989,808.34
Other Assets,					•_	139,292.89
					\$	1,238,291,927.08
LIA		ITI	ES			
Capital Stock—Common, .		•	•	•	.\$	
Surplus Fund,	•	•	•	•	•	40,000,000.00
Other Undivided Profits, .		•	•	•	٠	2,485,640.36
Discount Collected but not Earn	ned,	•	•	•	٠	623,887.92
Dividends Declared, but Unpai	-			•		750,000.00
Reserve for Taxes, etc., .	•					2,270,855.67
Liability Account of Acceptance	es,					2,734,929.46
Time Deposits,		\$186	5,952	,052.	38	
Demand Deposits,		898	3,388	,794.	36	
Deposits of Public Funds, .		74	,084	,112.	05	1,159,424,958.79
Liabilities other than those above	ve sta	ated,				1,654.88

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\$1,238,291,927.08



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The New Books

Public Finance

Principles of Public Finance. By MAYNE S. HOWARD. Commerce Clearing House, Inc., Chicago, \$5.

"This text," explains the foreword, "begins an attempt to secure a 'Principles of Public Finance' of which each chapter will ultimately be written by the expert or experts having the widest knowledge of, and the most intimate experience with, each subject. Efforts will also be made to develop it as a thoroughly coordinated work instead of letting it develop as a series of more or less disconnected readings."

Mr. Howard, general editor of Tax Systems of the World, has prepared his text with a view to offering the research worker suggestions for his own investigations which will add to our knowledge of taxation and public finance. Thus the chapters end with suggestions of information still to be obtained, rather than lists of references for collateral reading.

In addition to discussions of various specific taxes, there are chapters on government expenditures in peace and war and on a balanced system of taxation.

A Tax Book That Grew Up

Federal Tax Handbook, 1940-1941. By ROBERT H. MONTGOMERY. Ronald Press Company, New York. 2 Vols., \$17.50.

The first edition of Mr. Montgomery's familiar annuals appeared in 1917. The manuscript, he tells us, was "so slim that it was necessary to include old laws and decisions in order to make the book thick enough to stand up."

Well, the two volumes of the present edition require no padding. Based on current tax laws, they contain more than 2,000 hearty and meaty pages, a fact suggesting not only that Mr. Montgomery may be doing a better job than in 1917, but that the tax laws have become obese. Indeed, they are suffering from severe complications, as this expert notes in his preface.

We are threatened with a new law early in 1941. This would follow upon a new law in 1939 and two new laws in 1940. And, as consistent with the past, there will be no simplification unless businessmen get busy. The accountants and the lawyers have done their part with little success. More than 90 per cent of the Representatives and Senators admit they have not read the 1939 and 1940

laws. How about locating the cause with a view to an operation? As the laws are a mess, it must be a major one.

Referring to "the numerous and continuous demands for a new tax law to which time and thought will be given so that order may come out of chaos", Mr. Montgomery says this demand is non-partisan "and needs only official sanction by the President. It will be a calamity if it is not attended to in the immediate future."

The handbook gives, as usual, counsel and comments on the application of each Federal tax.

Our Industry

The Output of Manufacturing Industries, 1899–1937. By SOLOMON FABRICANT. National Bureau of Economic Research, Inc., New York, \$4.50.

Working with data provided by the Census of Manufactures and other sources, Mr. Fabricant has constructed indexes of physical output for all American manufacturing industries combined, for 15 large classes of kindred industries, and for more than 140 individual industries.

It is shown that during the 38-year period manufacturing output in this country increased 276 per cent while the population was increasing 73 per cent. Mr. Fabricant figures that there was an increase of about 120 per cent in manufactured goods available per capita.

Older indexes, Mr. Fabricant holds, are overweighted by the older industries whose rate of growth is slowing down, whereas his computations include particularly the newer industries in the early stages of expansion. The index is the result of several years' work.

Spend, Government, Spend

Government Spending and Economic Expansion. By ARTHUR E. BURNS and DONALD S. WATSON. American Council on Public Affairs, Washington, D. C., \$2.50 cloth, \$2 paper.

This study takes the view that government spending is now the chief agent in government assumption of economic initiative. It describes the spending activity of the 1930s and reviews the main issues, reaching the general conclusion that more spending, public and private, is needed "to put America to work for its own security and strength."

(CONTINUED ON PAGE 50)



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NEW BOOKS-Continued

The authors, both members of the economics faculty of George Washington University, agree that we live in a social order of rapid change, reflected in part by the policy of government spending. They believe the fundamental change is "to be found in the spirit of enterprise" which in turn is "largely the consequence of changing opportunities and shifting objectives." They find evidence of "a weakened spirit of enterprise", accompanied by a rise in public initiative and enterprise.

of the past decade they come to some conclusions. Deficit spending as a recovery measure, they say, began too late, or not until late 1933, which intensified deflation; "to spend or not to spend" is no longer the issue. Rather, "the range of decision is now limited to how much to spend and in what direction or channel." Also, the Government didn't spend enough in those deficitaccumulating 30's, as is evident from "the persistence of mass unemploy-

Other conclusions are that the objectives of public spending haven't been After a rather comprehensive review crystallized, though armament is now

claiming the major share of attention: that spending programs "have operated on a hand-to-mouth basis", lacking assurance that they would be continued until the objectives were reached; that government spending will have "its maximum influence on long-term private outlays only when there is the assurance that these outlays will be sufficiently large to absorb economic resources not employed by private industry."

Finally, Drs. Burns and Watson agree that as "a practical matter of public finance, the public debt is of no major consequence"; its importance isn't its size but the annual interest on it, and that isn't much larger than when the debt was half its present size. Given a continued rise in our national income, we can view calmly "a national debt several times the size of the present debt" in the next few decades, or even in these 40's.

A Capital Reserve System

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Money in Motion. By ARTHUR C. HOLDEN. Harper & Brothers, New York, \$2.50.

MR. HOLDEN, a New York architect with 25 years of experience in the construction industry, pleads for the credit problems of the capital goods industries. Subtitling his book "The Social Function of Banking," he develops the idea that although the American banking system has successfully coordinated the expansion and contraction of short term credit, our long-term financing agencies need coordination through a "Capital Reserve Banking System.

Although the Federal Reserve Act was one of the greatest advances that had been made up to its time of enactment, it is now plain that another great step in financial development is about to be taken. Investments require the conscious application of the time element to money and as such are the concern of the monetary authority and call for coordination. With savings in the form of time deposits as a base, it should be possible to expand long-term credit and yet assure liquidation through orderly amortization. Savings and investment institutions have the capacity to perform this service and might be adapted to perform it effectively if united, through membership, in a Capital Reserve Long-Term Banking System.

This system, Mr. Holden explains, reduced to its simplest terms, would be a reservoir "into which savings are constantly pumped." There would be a central capital reserve bank with branches in strategic cities and a membership "of all types of societies qualified to receive and administer savings." Savings put into this reservoir would serve

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY

OF CHICAGO

Statement of Condition, December 31, 1940

RESOURCES

Cash and Due from Banks\$	670,627,860.63
United States Government Obligations, Direct and Fully Guaranteed	675,321,191.95
Other Bonds and Securities	64,861,404.98
Loans and Discounts	188,836,340.37
Stock in Federal Reserve Bank	2,700,000.00
Customers' Liability on Acceptances	350,201.56
Income Accrued but Not Collected	2,427,023.80
Banking House	12,300,000.00
Real Estate Owned other than Banking House	2,580,097.66

\$1,620,004,120.95

LIABILITIES

Deposits	491,577,547.86
Acceptances	401,078.03
Reserve for Taxes, Interest and Expenses	5,031,355.80
Reserve for Contingencies	17,515,837.08
Income Collected but Not Earned	256,438.72
Common Stock	50,000,000.00
Surplus	40,000,000.00
Undivided Profits	15,221,863.46

\$1,620,004,120.95

United States Government obligations and other securities carried at \$172,718,556.03 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

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The American Association for Adult Education (New York) is publishing two timely series of pamphlets, offered at nominal cost. Defense Papers, to be issued from December to July, deals with questions of national importance, all related to defense. Defense Digests, also monthly, will explore in some detail a subject first introduced in the Papers. Discussion groups and leaders, teachers, students, librarians and alert citizens generally constitute the prospective readership.

two ends: first, they would accumulate; and second, the savers could draw on the reserves "for amounts in excess of current accumulations.

In a savings system made up of time deposits as contrasted with demand deposits it is possible to conceive of a given amount of savings as supporting an expandable amount of long-term credit provided assured methods of liquidation can be arranged for each long-term grant of credit.

Assuming that short term financial needs are well cared for by the present commercial banking system, Mr. Holden believes the "intelligent use of savings" in connection with long-term credit "will be recognized as one of the most powerful balance forces that civilization has produced."

Shorter Reports

Auditing Theory and Practice. By ROBERT H. MONTGOMERY. The Ronald Press, New York, \$6. In this sixth edition of a book last published in 1934 Mr. Montgomery presents what he believes to be "good auditing and accounting practice and procedure, all of which has stood the hard usage of the school of practical experience." It covers the work of all American Institute of Accountants committees up to October 1940.

Credit Manual of Commercial Laws, 1941. National Association of Credit Men, New York, \$6.50. Here is the 33rd edition of a guide to commercial law for credit and business executives. It doesn't pretend to be a substitute for a lawyer, but it is a convenient source of information about legal aspects of business.



Over 1700 CBS people team up to bring you the latest news, entertainment.. Frank Stanton, Director of Research, marshalls radio facts and figures—pours data, detail, statistics into his Ediphone to keep his mind free for analyses, executive matters—"And in these times I keep an Ediphone at home," he says.



Henry B. Kranz "eavesdrops" on Berlin while special Ediphones record each word. Should some big event break, the translated news is flashed to CBS's 122 affiliated stations. (Speed and efficiency are yours too, with an Ediphone.)



Security and Profit for Industry in INDIANA

combination of markets, materials, and safe, secure location, is vital to manufacturers. Indiana's interior location continues all of these requisites in maximum degree. And, within Indiana's borders you will find friendly, co-operative labor, low taxes, excellent transportation facilities and many other unusual advantages.



Within this circular area, wholly, or in part, are 36 of the Nation's 48 states. These 36 states represent a very high percentage of the country's markets and materials—all quickly accessible to Indiana manufacturers.

MARKETS (% of the U. S. total) Population. 90% Personal Income Tax Returns 86% Native White Families 88% Total Wealth. 88% Passenger Cars 84% Commercial Cars 83% Retail Sales 90% Bank Assets 90% Bank Savings Deposits 88%
MATERIALS (% of the U. S. total)
Value of Mfd. Products
Lumber
Manufactured Gas .95% Steel .98% Electrical Horsepower .82%
Petroleum Industry83% Wheat Production81%
Corn Production



20 - PAGE BOOKLET

Our Industrial Data Book is yours for the asking. It gives full details of Indiana's many advantages. Write for it. All inquiries confidential.

DIVISION OF STATE PUBLICITY
A-522 Board of Trade Building * Indianapolis
J. H. Albershardt, Director

METHODS and IDEAS

This department of BANKING is conducted by our Methods and Ideas reporter, John J. McCann.

Personal Budget Plan

Something New and unique in personal budgeting and bookkeeping has been devised and published by RALPH THOM, assistant manager, Bank of California, N. A., Portland, Oregon.

MR. THOM, an ardent advocate of thrift, has combined in a record book, entitled *How to Save Money*, space for recording checks, cash receipts and the classification of expenditures under 14 different headings, including all items deductible for income tax purpose.

A distinctive feature of Mr. Thom's thrift system is a handy pocket-sized memorandum book bearing the same 14 headings as the larger book for the keeping of daily accounts and from which the main account book is posted at intervals.

The budget books are sold by Mr. Thom, and already there is a considerable demand for them on the part of life insurance agents, savings banks, building and loan institutions, and individuals interested in spreading the doctrine of personal thrift.

Trust Ads

St. Louis Union Trust Co. does a mighty effective job of selling trust services under defense themes. Copy is factual . . . full of reason why. In addition to presenting a clear cut picture of the effect of world conditions on estate management, copy goes on to suggest specific steps to be taken by the individual for the best possible safeguards.

The theme of national defense is today a common subject. However, the great trouble appears to be in the lack of consistent follow-through. Many advertisements smack of the wall motto, or sentimental flag waving, or perhaps just vague generalities.

Winged Dollars

COUNTY TRUST COMPANY, serving Westchester (N. Y.) communities, makes a bid for individual plane loans—one of the first eastern institutions to take up the service pioneered by West Coast banks. No definite plan is stated



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After a few minutes' practice, anyone can operate a MARCHANT almost as fast as those who use it all the time.

Thus, MARCHANT'S simplicity of operation means that anyone in your office can be shifted from any other job to the MARCHANT; and anyone who regularly operates the MARCHANT can, when necessary, be moved to other work with no impairment of proficiency.

This flexibility in choosing who is to operate the MARCHANT, and when, is most helpful in planning office work to gain the utmost in efficiency and economy.

Tear off coupon and mail -today!



in initial promotions, except the fact that such loans are handled on the same basis as the popular auto financing arrangements. Westchester, representing well-to-do New Yorkers, is a logical field for such loans. Many families already maintain their own planes at municipal and private airports. The speed with which American banks have taken up this new form of financing suggests the all-round interest in consumer type financing.

Modernizing Wills

CORN EXCHANGE NATIONAL BANK & TRUST COMPANY, Philadelphia, ran a series of 12 interesting advertisements themed to "Wills That Have Made History". The series begins with the will of Ptolemy XI, Pharaoh of Egypt, who bequeathed his realm to Rome and influenced the destiny of the world, and ends with Hindenburg's will and the succession among the dictators—a will that puts a question mark on the future destiny of the world. These thoughtstimulating examples are followed up with a definite, convenient action outline for the individual in the form of a master manual. This study discusses long-range planning to meet changing conditions, outlines 23 factors to be considered from an estate viewpoint, suggests 13 reminders on how to cope with changes in personal and family situations-and in general, outlines the features of estate management.

HISTORICAL BLOTTER (see page 58)

This example of a First National Bank of Boston blotter depicts America's first high school, also carries the bank's signature and one month's calendar. The overall size is $3^{11}\% \times 5^{9}\%$



Service Charge

BOSTON BANKS recently inaugurated a new analysis plan for assessing charges against regular accounts. Fixed charges are levied against all accounts regardless of amounts; however, larger balances receive credits which may completely offset the service charges levied against them. This is a substitute for measured service plans heretofore in use.

The schedule levies four cents for each check drawn, eight cents for each deposit, 8/10 of 1 per cent for each check listed on a deposit slip, and for each account a maintenance cost charge ranging from 30 to 40 cents per month.

Against these charges 10 cents per \$100 of average collected balances will be credited.

Questions and Answers

How small is small space remains the much disputed question in advertising circles. A new departure! Fort Wayne (Ind.) National Bank has run a series of question and answer single column advertisements in classified sections of local newspapers. Copy pertains to everyday questions on bank loans and is handled very much in the current question and answer vogue. Type is regular newsprint size.

Guaranty Trust Company of New York

140 Broadway

Madison Ave. at 60th St.

Fifth Ave. at 44th St.

PARIS

BRUSSELS

LIVERPOOL

Condensed Statement of Condition, December 31, 1940

RESOURCES

Cash on Hand, in Federal Reserve						
Due from Banks and Bankers .					. \$	1,044,582,220.86
U. S. Government Obligations .						1,137,212,692.63
Public Securities						49,235,460.91
Stock of the Federal Reserve Bank						7,800,000.00
Other Securities and Obligations						21,191,471.98
Loans and Bills Purchased						431,135,085.50
Credits Granted on Acceptances.						5,961,372.98
Accrued Interest and Accounts Re	cei	val	ble			7,468,230.20
Real Estate Bonds and Mortgages				٠		1,759,337.81
						2 700 245 072 07

 Bank Buildings
 2,706,345,872.87

 Bank Buildings
 11,258,541.69

 Other Real Estate
 1,361,599.32

 Total Resources
 \$2,718,966,013.88

LIABILITIES

Deposits	• •	33,294,970.40	
			\$2,423,223,952.23
Acceptances		. \$14,928,817.73	
Less: Own Acceptances Held for Investment		. 8,967,444.75	
			5,961,372.98
Liability as Endorser on Acc Foreign Bills			248,398.00 228,741.00
Items in Transit with Foreign			220,121.00

Difference in Balances Between Various Offices
Due to Different Statement Dates of Some
Foreign Branches
Dividend Payable January 2, 1941
Miscellaneous Accounts Payable, Accrued Taxes, etc.

2,442,019,514.27

Securities carried at \$17,614,042.68 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the assets and liabilities of London and Liverpool Branches as of December 31, 1940; Paris, Havre and Brussels Branches as of November 30, 1940.

Member Federal Deposit Insurance Corporation

A" Matural "FOR STIMULATING NEW CONSUMER CREDIT REVENUES!!

Dramatize Your Personal Loan and other New Business with Gardner Animated, Self-Illuminated Displays

During its first year of service to progressive banks, Gardner Bank Display Service has proven to several hundred bankers in twenty Eastern states, that dramatized, animated displays produce results. Our early subscribers, whose first year of service is now ending, are renewing their contracts.



Write for Free Descriptive Booklet

GARDNER BANK DISPLAY SERVICE

PITTSBURGH OFFICE—477 MELWOOD ST.

New York Office-16 W. 61st St., New York City-Circle 5-7590

Chex

STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Virginia, offers an unusual inducement to both prospects and customers of Chex—the bank's copyrighted no-minimum-balance checking plan. In a recent newspaper advertisement, the bank suggested a way to make one regular five cents check service charge pay four bills at once. The customers were invited to pin their gas, water, electric and telephone bills together and write one check covering the total amount to the order of the bank. In turn, the bank remits funds in lump sums to all four companies, maintaining in a sense local branch payment offices for each company.

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Premium Financing

CLEVELAND TRUST bank credit is now extended to facilitate the convenient payment of fire and casualty policies and bonds with fixed premiums. The plan provides for advancing the full amount of the premium, placing the policy in force immediately, with repayment monthly on annual policies and extended payments for longer term coverage. Substantial savings in premium rates are affected by those who build their coverage on long-term policy at the bank finance rate—5 per cent simple interest. A complete service brochure is issued to agents containing interest schedules on various types of policies and repayment plans available on one- to five-year periods. A service charge of \$2 must accompany the application for all premiums up to \$2,500. Interest calculations for premiums in excess of \$10,000 must be submitted to the personal loan and finance departments.

"Cash Discount" Mortgage

BANGOR SAVINGS BANK (Me.) reports that its new cash discount mortgage plan has gone a long way in solving the unpaid interest problem. Under the plan, the borrower is billed at 6 per cent. If his interest is paid on or before the due date, the bank gives a cash discount of 16% per cent. In effect, the borrower automatically earns a 5 per cent rate for prompt interest payments throughout the year. The psychology of the "discount" is sound. Being a substantial rate, everyone strives to earn it.

The bank has also introduced a budget mortgage plan under which the borrower meets his annual costs by systematically saving one-twelfth of the total sum in a regular savings account.

Employee Investment

THE STANDARD NATIONAL BANK Of New York, Woodside, L. I., announces that Board Chairman RICHARD M. LEDERER has made available a substantial block of the bank's stock for employee investment. Payments may be spread over a period of 18 months at a cost of less than one-third of its book value. A similar plan was inaugurated by Mr. LEDERER in the old Standard Bank of New York in 1923 with profit to the employees. Both plans were launched for the purpose of improving the esprit-de-corps.

Ad Quiz

Wachovia's Question Box introduces a new tack in newspaper advertising. Capitalizing on the popular pastime, the Wachovia Bank & Trust Company, Winston-Salem, N. C., runs a series of three minute quizzes on trust and general banking subjects. The reader is invited to test his knowledge of each general subject by answering five pertinent questions. The correct answers appear on the next newspaper page.

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THE PUBLIC today is so conscious of underslung, streamlined, super-powered automobiles that it is no small wonder unusual interest was aroused when the Citizens National Trust & Savings Bank (Los Angeles) exhibited an authentic 1890 model car in branch lobbies. This steam-driven model is owned by the bank. Significantly, the model was built around the time the bank was established. The display, however, tied in effectively with an intensive auto loan campaign which has carried through the new model season.

Slide Rule

A CLEVER device for quickly estimating F.H.A. monthly loan payments has been copyrighted by the Security-First National Bank, Los Angeles, California. It works on a slide rule principle, with die-cut windows showing the figures for various given loan examples as the insert card is manipulated. Four major types of loans may be figured: (1) an 80 per cent 20-year loan for \$2,000 to \$5,200; (2) same type from \$5,400 to \$16,000; (3) a 90 per cent 25-year loan for \$1,800 to \$5,400; (4) combination 80 and 90 per cent 20-year loan for \$5,600 to \$8,600. The die-cut windows for each of these classifications give the value of property, amount of loan, fire insurance per month, monthly interest and principal, first year's mortgage insurance, monthly payment without taxes. For total monthly payment one adds one-twelfth of estimated taxes.

Radio Record

ONE OF THE OLDEST commercial programs in radio's comparatively short history is that of the Providence (R. I.) Institution for Savings. This feature, presented under the title, "The Rhode Island Historian", first went on the air in 1927 and has continued without change in theme, script writer, talent or station. Even the commercial has remained unchanged.

The program has delved into the inexhaustible store of interesting legends and facts of the state's history. Beyond a single commercial, broadcasts make no attempt to sell the bank. It has proven withal a highly effective good will builder.

Social Security

A NUMBER OF CALIFORNIA BANKS, including the Union Bank & Trust Co. and California Bank, Los Angeles, have been distributing an interesting manual, "What You Get from Social Security". It is a simple, graphically illustrated



HOW FAST CAN YOU PRESENT CASH ITEMS IN NEW YORK STATE?



• If you're not already using our Night Transit service, it can save your bank as much as 24 hours in the presentation of cash items throughout New York State! The Marine Trust Company's Night Transit service is the only one of its kind on the Niagara Frontier and one of very few in America. It is literally as fast as the fastest airliner.

We stay open till the small hours of the morning to meet all planes and trains. Incoming cash items are rushed to the bank where they are sorted and redispatched to their destination by the fastest possible route, thus guaranteeing presentation hours in advance of other methods. With few exceptions, items arriving prior to 12:30 A.M. will be presented the next business day in 60 New York State cities and towns. Cash items to other parts of the country are handled with comparable speed.

Write today for a copy of our latest Night Transit schedule. Let us show you how we can bring about a worthwhile reduction in float by speeding up your presentations and collections in New York State.

MARINE TRUST COMPANY OF BUFFALO

A Marine Midland Bank

NEMBER PEDERAL DEPOSIT INSURANCE CORPORATION

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business December 31, 1940

R	T?	C	0	TI	D	0	173	C

Cash and Due from Banks	\$388,847,896.81
U. S. Government Securities	326,449,036.83
State and Municipal Bonds	
Stock of Federal Reserve Bank	2,242,450.00
Other Securities	42,456,911.76
Loans, Bills Purchased and	
Bankers' Acceptances	. 215,187,558.00
Mortgages	
Banking Houses	12,242,189.52
Other Real Estate Equities	
Customers' Liability for Acceptances	7,059,581.10
Accrued Interest and Other Resources	2,293,209.09
	\$1.050.450.262.45

	,
LIABILITIES	
Preferred Stock \$ 8,749,520.00 Common Stock 32,998,440.00 Surplus and	
Undivided Profits 40,986,644.69	82,734,604.69
Reserves for Preferred Stock Sinking	
Fund	
(Payable January 2, 1941)	824,959.00
(Payable January 15, 1941)	218,738.00
Outstanding Acceptances	7,726,982.32
Liability as Endorser on Acceptances	
and Foreign Bills	350,000.00
Deposits	953,709,060.08
	\$1,050,459,262.45

DIRECTORS

CHARLES L. HOGAN President, Lone Star Cement Corporation

JOHN L. JOHNSTON

President, Lambert Company

CHARLES L. JONES President, The Jones-Atkinson Corp.

GEORGE MACDONALD

OSWALD L. IOHNSTON

EDWIN M. ALLEN President, Mathieson Alkali Works, Inc.	
CHARLES K. BEEKM. Beekman, Bogue, Stephens & Black	AN
EDWIN J. BEINECK! Chairman, Sperry & Hutchinson Co.	,

EDGAR S. BLOOM President, Atlantic, Gulf and West Indies Steamship Lines CHARLES A. DANA

ELLIS P. EARLE President, Nipissing Mines Co. HORACE C. FLANIGAN

JOHN M. FRANKLIN President, United States Lines Company

SAMUEL McROBERTS CHARLES FROEB Savings Bank JOHN P. MAGUIRE

President, John P. Maguire & Co., Inc. PAOLINO GERLI Vice-President, E. Gerli & Co., Inc. C. R. PALMER HARVEY D. GIBSON

President, Cluett, Peabody & Co., Inc. GEORGE J. PATTERSON

President, Scranton & Lehigh Coal Co. HAROLD C. RICHARD Chairman, General Bro

HAROLD V. SMITH ERNEST STAUFFEN

GUY W. VAUGHAN
President, Curtiss-Wright
Corporation HENRY C. VON ELM Vice-Chairman of the Board

Principal Office: 55 Broad Street, New York City 67 BANKING OFFICES IN GREATER NEW YORK

Chairman, Federal Home Loan Bank of New York

European Representative Office: 1, Cornhill, London, E. C. 3 Member Federal Reserve System

Member New York Clearing House Association Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each. The Preferred is convertible into and has a preference over the Common to the extent of \$50 per share and accrued dividends.

booklet outlining the purpose and benefits of the act.

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It attempts, by illustrating case examples, to visualize the position of the individual reader. Tables summarize death and retirement benefits by monthly wage and through a wide variety of circumstances. Important information is highlighted in a separate chapter for handy reference. The last page provides a blank form which, when filled in by the individual, gives a complete picture of his personal benefits. It is arranged similar to the usual insurance type analysis.

Grand Opening

A NEWS-AD INVITATION to Mr., Mrs., and Miss San Francisco was extended recently by the Morris Plan Bank to inspect its enlarged Market Street offices. The advertisement was illustrated by a scale model of its quarters. with side walls eliminated showing the layout of all departments, with small figures representing clerks and customers. The model was displayed in the bank lobby with key numbers explaining the location of new service units. Free parking space for customers is provided in the basement of the building. Other innovations carry out the theme of faster, more convenient banking service.

Summer House

THE FRANKLIN SQUARE NATIONAL BANK, Franklin Square, N. Y., is constructing a "Summer House" annex for the convenience of drive-in patrons. This novel project will resemble a small park with trees, shrubbery, benches and walks. The banking center, an octagon shaped building, will be only 12 feet in diameter and will have a check desk in the center. A parking lot surrounding the annex will accommodate 52 cars. Patrons may receive immediate banking service at the Summer House, or leave their bank books and call back any time up to closing. When the project is complete, the parking lot, or park, will be turned over to the Township of Franklin Square and will be open to the use of everyone-customer or not.

Safe Deposit

THE JOURNAL, published monthly by The Union & New Haven Trust Company, New Haven, Conn., does a real selling job for one department of the bank in each issue. Recently the Journal devoted full space to safe deposit facilities. In addition to a brief history, the issue described procedure, forms, contracts, benefits and rates. A looseleaf insert provided a convenient check list of 87 items that deserve safe deposit protection. The form invites the reader to thoroughly check his belongings and, in case he is already a box holder, the list serves as an inventory record.

Credit Cards

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eck NORTH PACIFIC BANK of South Tacoma, Washington, issues credit cards—similar to those used by leading oil companies—to all automobile loan borrowers who have met their obligations promptly. The card states: "A preferred finance rate is available upon presentation of this card and acceptable automobile security. Your application for a loan, or for buying a new or used car, will be appreciated". The use of this card has met with enthusiastic response.

Home Trade

THE FIRST NATIONAL TRUST & SAVINGS BANK publicizes the products of its native city—San Diego, California—available for national defense. Generous newspaper space is devoted to the slogan "Made in San Diego"—a slogan that has taken on greater significance

DEFENSE AD

A typical advertisement of the First National Trust. (See article above, also defense advertisements on page 33)



with new aircraft developments and the prosperous fishing trade. Copy points out the rapid growth and expansion of miscellaneous local industries. In blocked space a list of these commodities is given. Copy also bids for local support of home industry.

Here is an interesting report on just how the public has reacted to this service its inauguration. In 1938 some of miscellaneous local industries. In 16,000 cars were parked in an adjacent garage. In 1939 the figure ran to 21,900 cars. In 1940 more than 31,600 used the service. It is expected that this year the

Free Parking

LINCOLN NATIONAL BANK & TRUST
COMPANY, Syracuse, New York, since
1939, has featured free parking in its
advertising. The recent addition of a
garage annex with runway to banking
quarters has substantially increased the
patronage of this convenient service.

has been frequent statement stuffers
winter months, for example, emph
is placed on the idea of "driving as
in a warm car". In zero weather, w
the anti-freeze may be low, this app
commands action. And it is part
larly heeded by the women drivers.

Here is an interesting report on just how the public has reacted to this service since its inauguration. In 1938 some 16,000 cars were parked in an adjacent garage. In 1939 the figure ran to 21,900 cars. In 1940 more than 31,600 used the service. It is expected that this year the number will run close to 50,000. One effective means of promoting the service has been frequent statement stuffers. In winter months, for example, emphasis is placed on the idea of "driving away in a warm car". In zero weather, when the anti-freeze may be low, this appeal commands action. And it is particularly heeded by the women drivers.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

Statement of Condition, December 31, 1940

RESOURCES

Cash on Hand and Due from Other Banks United States Government Obligations, direct and/or fully guaranteed Other Securities Stock in Federal Reserve Bank	\$241,687,747.99 237,958,446.37 58,798,907.59 772,500.00
Loans: Loans and Discounts \$ 67,284,886.50 Real Estate Mortgages	82,869,438.71
Branch Buildings and Leasehold Improvements Other Real Estate Accrued Income Receivable—Net Prepaid Expense Customers' Liability Account of Acceptances and Letters of Credit TOTAL RESOURCES	926,972.99 7,439.75 1,738,947.33 841,420.19 1,775,205.28 \$627,377,026.20
LIABILITIES	
Deposits: Commercial, Bank and Savings \$541,521,361.42 U. S. Government 15,340,366.54 Treasurer, State of Michigan 10,621,162.07 Other Public Deposits 22,346,469.82	\$589,829,359.85

U. S. Government
Treasurer, State of Michigan
Other Public Deposits
Capital Account:
Preferred Stock (363,475 Shares)
Common Stock (825,000 Shares)
Surplus
Undivided Profits
Reserve for Retirement of Preferred Stock
Reserve for Common Stock Dividend
No. 13, payable February 1, 1941

15,340,366.54
10,621,162.07
22,346,469.82
\$589,829,359.85

9,086,875.00
8,250,000.00
8,413,125.00
6,815,737.00
818,464.07
33,384,201.07

| 1,975,760.00 | 1,975,760.00 | 1,975,760.00 | 1,975,760.00 | 1,975,760.00 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,775,205.28 | 1,77

United States Government securities carried at \$40,026,500.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation



Statement as of December 31, 1940

RESOURCES	
Cash and Due from Banks . \$	55,358,976.97
U. S. Government Securities	34,592,956.28
State, County and Municipal	, , , , , ,
Securities	5,348,784.44
Other Securities	10,264,670.30
Demand Loans	12,353,355.80
Time Collateral Loans	6,402,639.84
Commercial Paper Purchased	7,475,000.00
Bills Discounted	19,743,266.32
Bank Buildings	3,261,261.30
Accrued Interest Receivable	277,654.60
Customers' Liability under	
Letters of Credit and Ac-	
centances	2 042 520 26

Other Resources .

LIABILITIES
Capital Stock \$ 4,550,000.00
Surplus and Undivided Profits 9,430,432.23
Reserve for Contingencies . 761,961.01
Accrued Taxes, Interest, etc. 304,086.97
Reserve for Dividend Paya-
ble January 2, 1941 113,750.00
Unearned Discount 334,124.16
Letters of Credit and Ac-
ceptances 2,225,556.17
DEPOSITS 139,429,661.20
\$157.149.571.74

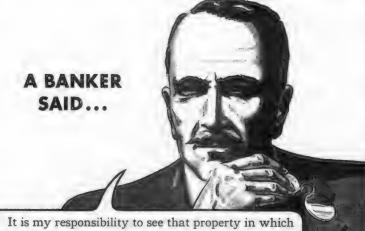
\$157,149,571.74

27,467.63

CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY

PHILADELPHIA

Member Federal Deposit Insurance Corporation



It is my responsibility to see that property in which we are financially interested is adequately and properly insured. We require a sound financial statement, a well-balanced investment portfolio and an honorable loss payment record. I am convinced that your companies meet all these requirements.

Löndon & Lancashire

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK STANDARD MARINE INSURANCE COMPANY, LTD. (FIRE DEPARTMENT LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA



Blotters as Textbooks

BANK ADVERTISING is being used in the schools of Sharon, Massachusetts, for visual instruction in American history.

Blotters depicting the "Famous Firsts" of American industry, agriculture and Yankee ingenuity, distributed by the First National Bank of Boston, primarily to absorb ink, are spreading knowledge.

"Modern history textbooks," says HAROLD F. AVERY, instructor of history in the Sharon Junior High School, "are notoriously void of interpretative illustrations.

"The monthly blotters of the First National Bank of Boston, illustrating many salient points of our nation's early history adequately supply this long felt want."

Mr. AVERY has arranged a wall display in his classroom of the bank's blotters.

Institutional

"From Cambridge" is the theme of a series of illustrated statement stuffers which will be mailed monthly to 12,000 commercial customers of the Harvard Trust Company throughout 1941. This unique series attempts to show that the city is an ideal spot wherein some of the best fundamental industries of the country always have prospered. Each folder tells the story of one such industry and rings in, unobtrusively, the cooperation of the bank in furthering its success. Polaroid Light, General Radio, Blanchard Tools, and others are featured.

Account Analysis

GRANITE TRUST COMPANY, Quincy, Massachusetts, issues a new leaflet announcing an improved method of account analysis in effect from January 1. Under the schedule, the amount of free service to which each account is entitled is figured at 121/2 cents per months for each \$100 of average collected balance. The following charges are deducted from the "income credit": checks paid, 4¢ each; deposits, 5¢ each; Quincy and Boston checks, 1¢ each; out-of-town checks, 2¢ each. In addition, miscellaneous service costs will include the cost of special imprints on customers' checkbooks, cost of collecting deposits or delivering payrolls by armored car, cost of stop payments, certifications, collections, and similar services, and a "readiness-to-serve" fee of 30¢ for accounts which require special

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

FINANCIAL STATEMENT

December 31st, 1940

ASSETS

Cash in Banks			,			\$ 2,158,995.79
Investments:						
Bonds		\$8,14	12,6	30.1	1	
Preferred and Guaranteed Stocks		5,65	55,5	27.0	9	
Common Stocks		6,42	25,6	25.0	Ю	20,223,782.20
Premiums in Course of Collection,					_	
Not over 90 Days Due						1,238,488.61
Capital stock of National Surety Marine Insura	nce	Cor	pora	tio	n,	
a wholly owned subsidiary						1,879,158.89
Accrued Interest, Dividends and Rents						115,350.69
Reinsurance and Other Accounts Receivable .						84,743.92
Home Office Building						500,000.00
TOTAL ADMITTED ASSETS.					. \$	26,200,520.10
LIABILITII	ES					
Reserve for Losses and Loss Adjustment Expens	ses					\$ 4,367,269.13
Reserve for Unearned Premiums						5,733,711.41
Reserve for Commissions, Expenses and Taxes						1,050,725.17
*Contingency Reserve						194,220.11
Capital						
Surplus		12,3	54,5	594.	28	
Total Capital and Surplus						14,854,594.28
TOTAL					. 5	\$26,200,520,10

*Represents difference between total values carried in assets for all bonds and stocks owned and total values based on December 31, 1940 market rates furnished by National Association of Insurance Commissioners.

Bonds carried at \$1,186,772.13 are deposited for purposes required by law and bonds carried at \$30,805.80 are deposited as collateral on surety bonds required in court proceedings.

METHODS—Continued

personnel attention. This base cost is apportioned among all checking ac-

Photo Contest

MONTCLAIR TRUST COMPANY, Montclair, N. J., announces its fourth annual photographic contest—an event that has cultivated the prowess of Essex County amateurs and publicized the beauties of Montclair. As in the past, the contest is open to all residents of the county. Pictures submitted must have been taken by the individual within the last

five years and negatives must be available to the bank. Three prizes will be awarded for each of three classifications. The prizes will be in the form of merchandise certificates redeemable in any Montclair store. On February 17 the bank will entertain the community with a salon exhibit of the best pictures submitted. At that time awards will be

Measured Charges

UNIFORM SERVICE CHARGES for personal and business checking accounts have been announced by the Utica (N.Y.) Clearing House Association. The new

plan eliminates the monthly minimum service charge of \$1 and substitutes a 50 cent charge for all accounts having balances under \$150. These accounts, however, will be given five activity items free, and will be charged 5 cents for all other items above that number during the month. For each additional \$25 balance above \$150 an extra item of activity will be allowed free of charge. Rates for the accounts of business and other organizations and of professional men will also be revised to conform to prevailing costs as determined by a recent analysis made by the bank.

Cooperative Drive

TWENTY-FOUR BANKS affiliated with the Nassau County (N. Y.) Clearing House Association are now cooperating in a newspaper advertising campaign to bring their services to the attention of Long Island residents.

Statement

THE JANUARY CROP of bank statements has launched some very interesting changes in format, layout and style. One of the most unusual-from the standpoint of subtly plugging a native commodity-comes from the Peoples National Bank of Greenville, South Carolina. Instead of paper, the statement is printed on cotton fabric.



The cover design (above) illustrates a cotton bale with the bank's signature stamped in the center. Brief copy on the back cover pleads for greater local consumption of cotton to replace the loss of foreign markets.

Bank of America

CALIFORNIA'S ONLY STATEWIDE BANK

Condensed Statement of Condition December 31, 1940

RESOURCES

Cash in Vault and i	n				
Federal Reserve	Bank				\$190,143,525.37
Due from Banks .		۰	0	۰	118,212,180.49

TOTAL CASH . .

TOTAL CALDIA			100	300,333,703.00
Securities of the United States Government	an	d		
Federal Agencies				451,279,141.50
State, County and Municipal Bonds				166,633,326,90
Other Bonds and Securities				47,043,827.99
Stock in Federal Reserve Bank				3,720,000.00
Loans and Discounts				778,295,100.94
Accrued Interest and Accounts Receivable				6,469,424.36
Bank Premises, Furniture, Fixtures and Safe	9			
Deposit Vaults				32,089,972.62
Other Real Estate Owned				6,612,408.07
Customers' Liability on Account of Letters of	Cre	edit,		
Acceptances and Endorsed Bills				16,375,801.62
Other Resources				660,475.75

TOTAL RESOURCES . . . \$1,817,535,185.51

LIABILITIES	
DEFOSITS: Demand	\$1,632,228,397.1
Liability for Letters of Credit and as Acceptor, Endorser or Maker on Acceptances and	
Foreign Bills	16,605,640.3 9,743,168.9
Reserve for Interest, Taxes, Etc	2,620,288.0
Common (4,000,000 Shares) \$50,000,000.00	
Preferred (600,000 Shares)* 12,000,000.00	
Surplus 62,000,000.00	

Undivided Profits 20,278,752,98 Unallocated Reserve 6,900,000.00 Other Reserves 4.158.938.04 Preferred Stock Retirement Fund 1,000,000,00

TOTAL CAPITAL FUNDS

TOTAL LIABILITIES

. . . . \$1,817,535,185.51

*Issued at \$50 (\$20 Capital—\$30 Surplus), Annual Dividend \$2. Preferred to extent of and retirable at issue price and accrued dividends. This statement includes the figures of the London, England, banking office.

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA SAN FRANCISCO LOS ANGELES



495 California branches united for strength and service



156,337,691,02

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LOOKING FOR MORE LOANS?

● HERE'S A SUGGESTION that may help you find them: Check the financial statements of your customers for those listing substantial inventories. Marketable inventories, hypothecated to your Bank through the use of Lawrence System warehouse receipts, constitute A-1 collateral for loans. You'll find that your customers sincerely appreciate being advised that they can obtain additional working capital in this way. You will doubtless welcome the opportunity of putting idle funds to work and improving your Bank's profit picture ● An increasing number of the nation's Banks are cultivating this rich source of new loan business. We invite you to write for free booklets describing how the use of Lawrence System warehouse receipts can increase YOUR Bank's loans and profits.

LAWRENCE SYSTEM

For bank loans against inventory



NEW YORK: 72 Wall Street • CHICAGO: 1 No. LaSalle Street • SAN FRANCISCO: 37 Drumm Street • LOS ANGELES: W. P. Story Bldg. • Buffalo • Boston • Philadelphia • Kansas City, Mo. • St. Louis • New Orleans Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

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Booklets at Your Service

SELECTED FOR THEIR INTEREST TO YOU

Any or all of these booklets will be sent you free of charge or obligation. Each one has been carefully selected for its special value to bankers and business executives. Simply mail your request, on bank or company letterhead, to Dept. BB-8, American Bankers Association, 22 East 40th Street, New York, N. Y.

HOMES, MORTGAGES AND

A home having topnotch equipment (heating, lighting, refrigeration, washers, ironers, etc.) is more livable, has greater sales appeal and greater resale value—which adds to the safety of the mortgage on it. The old idea, however, has been that such equipment costs more. But here's information that proves it also costs less, which sounds like magic, but isn't. This 32-page booklet, Your New Home and Your Pocketbook, with color illustrations and brass-tack figures, is good news to real estate departments from beginning to end.

MECHANIZE YOUR RECORDS

Records use up floor space and frequently take much time and many steps to get at. But new equipment, operating on the rotary principle, neatly houses 6,000 card records, takes up surprisingly little space, is easily kept organized and accurate, speeds postings, levels out peak load operations, and may be wheeled from place to place as needed. This 8-page booklet, in two colors, depicts the equipment, explains its many uses.

VALUES AND FARM MACHINES

It's important to the farmers in your community that they buy farm implements best suited to their individual needs. Financing the purchase of modern farm machinery frequently requires impartial counsel to assure this desirable result. This profusely illustrated 24-page booklet, produced in natural colors, describes many types of machines available, and the variety of their uses. It will help you measure the value of each in terms of your customers' requirements.

REDUCING LOAN RISKS

In most cases, a commercial loan borrower can repay the bank only when accounts receivable have been collected.

But these accounts are subject to hazards such as fraud, business conditions, catastrophes and other uncontrollable factors. This informative 20-page booklet tells how many banks are reducing commercial loan risks through credit insurance. Through this coverage, manufacturers and wholesalers gain protection of annual profits, protection of working capital against bad-debt losses, stabilization of credit procedure, and protection of capital turnover against frozen accounts.

OPEN SESAME

If you plan to modernize either your bank or some commercial properties under your supervision, you'll want to consider the new "magic" door that eliminates the usual entrance-way struggle with weight and wind. These doors open and close automatically (you don't even have to say "open sesame"!), relieve crowding, reduce heating and air conditioning costs, and make friends of all who use them. An informative 6-page folder in two colors illustrates typical installations and cites satisfied users.

PREVIOUSLY NOTED—AND STILL YOURS FOR THE ASKING

HOW ARE YOU FEELING? . . . Do you realize that you're an engine? Yes, you! And that like an engine, you can run too hot, too cold, or not at all? Here's an eye-opening analogy of the human body to an engine that will blow out a lot of old ideas—and blow in some new ones—about the temperature's effect on you and your associates.

JUMPING PERSONAL LOAN VOLUME . . . The pioneers in insuring the lives of personal loan borrowers tell, in a 10-page booklet, how this coverage can increase profits and build good will for personal loan departments.

NEW PROPERTIES FOR OLD... Banks seeking increased income from managed properties, or ideas to help sell owned commercial buildings, or prospects for sound modernization loans, will benefit from this informative 32-page booklet; it's chock-full of illustrated examples and facts that show how modern store fronts turn old properties into attractive and profitable places of business.

FREE PAPERWEIGHT (Air Conditioning Department) . . . If you'd like information on a new air conditioning development along with an attractive paperweight to grace your desk, write for the midget-sized, 16-page booklet On The Level; in it is the information, and with it comes a miniature model of a compressor unit which demonstrates the new equipment.

SAVE TIME—ELIMINATE ERRORS . . . The latest equipment for paying, sorting, counting, storing, and packaging coins is described in a 10-page folder which also gives details on a new model that zips change direct to the customer and cannot mispay.

GETTING THINGS DONE—A 4-pager showing how real savings in time and money may be effected in various banking departments through modern dictating methods.

BUY? OR SELL?—An impartial financial service offers a 12-page analysis and forecast of the bond market with definite buying and selling advice.

SAVINGS THAT BUILD PROFITS . . . A factual 10-page booklet tells how ten important banking operations—such as increasing loan volume, analyzing depositors' accounts, providing officers with daily summaries, and keeping mailing lists accurate—can be speeded by modern duplicating equipment that's easy and economical to operate.

The Real Estate Picture

Favorable trends in the real estate situation, including an advance in market activity and prices, and "a surge throughout the country that is very generally expected to mean for 1941 accelerated business and a new rise in real estate demand," are reflected in the 36th semi-annual survey of the real estate market made by the National Association of Real Estate Boards. The survey, covering 237 cities, is made from confidential reports by the association's member real estate boards.

"For the individual American city," says the association, "the one big factor which is affecting the pattern of its immediate real estate activity and coloring the whole outlook for its real estate market for the coming year is the relation of that city to large-scale activity in the national defense program. Effect of the defense effort as it is already pushing and pulling both general business and urban land use is an important part of the story running through the reports that make up the survey:

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"By that same token, a new and large element of uncertainty in the outlook for individual cities is, necessarily, uncertainty as to the way the program may develop in their direction."

Present conditions shown by the sur-

"A more active market than last year in 57 per cent of the cities, and a market at least as strong as last year in 89 per

"Supply of single-family dwellings definitely on the short side in 45 per cent of the cities, which is approximately the condition prevalent a year ago, an indication that new home building is about balancing the expansion in home demand.

"Rents for single-family dwellings, immobile through 1938 and 1939, are higher than last year in 45 per cent of the cities.

Apartment rents have moved up also, but less generally.

"Financing costs still dropping in 17 per cent of the cities, rising in only 3 per cent. Capital supply equal to or in excess of loan offerings in 95 per cent of the cities."

To the question: "Are residential rents in your community sufficient to justify investment in rental housing at present construction costs?" only onethird of the cities replying answered "yes."

during the coming year for construction of an emergency nature for defense workers, 75 per cent of the cities replying said "no." But 25 per cent expect emergency building will be required to house new population this year.

Few cities reported conditions which are seriously endangering the supply by private enterprise of any needed emergency housing. Many said there were

Asked whether there will be need none. Cited as serious deterrents were: "Rising construction costs. Possible shortage of skilled labor." (Ind.); "Costs out of line with income. Uncertainty as to governmental activity." (W. Va.); "Long-term outlook for private rental housing obscured by government-supported projects under way and contemplated. Private capital not available for emergency rental housing." (Md.); "Believe need is temporary." (Wash.)



Complete Banking Service

BANKERS TRUST COMPANY

NEW YORK

Member of the Federal Deposit Insurance Corporation

The 40-Hour Week and Joe

To the Editor:

MAY I request your opinion concern-L ing the solution of a problem that bears on the wages and hours law and our Joe?

Our Joe isn't young now. He lacks the ability to adapt himself to new conditions, as he did, for example, 42 years ago when he survived embalmed beef and malaria in that jaunt to Cuba as one of Teddy Roosevelt's Rough Riders.

Joe lives out in the sticks. He and Mrs. Joe decided many years ago that they wanted to bring up the children

So Joe gets into the city pretty early each day. He arrives on the one train from his small community at exactly 7:55 a.m., one hour before the bank opens. But he didn't mind that down through the past 30 years because he had many details of his work that he could keep busy on while waiting around for the rest of the clerks to arrive and the interval of waiting to open

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He went home in the evening after the bank closed and he had "settled" the cash. There was no hurry on this point of departure either because the only evening train to Joe's home town left at 6:05 p.m., so he lingered around and lent a hand to one and all.

Toe was always faithful and conscientious that way. He hated to "ditch" another department through a careless error on his part. But from now on it apparently must all change. Poor Joe. He hasn't been "ploughed under" but he says he has been "ploughed out". The chief said, "Joe, in accordance with the new 40-hour-week schedule, you will arrive at 8:50 a.m. When your work is finished for the day you must leave promptly."

So now Joe can't come into the bank an hour before opening time and putter around. He tried standing outside, but when a plain clothes officer new to the district kept looking at him suspiciously Joe left the copper in possession of the back entrance and walked around the

Afternoons after the "shooing-out process", he tried going to the movies, but he fell asleep, had to hire a taxi home when he missed the 6:05 (expenses \$3.25), and Mrs. Joe raised hell.

Now, Joe says he doesn't know much about the law but he still insists he can work when and where he wants. He says he never did more than 40 hours a week actual work and why can't he work when he wants to.

Meanwhile from head office has arrived the strict injunction to record accurately complete working hours of all employees: "We insist on strict compliance with the 40-hour week and overtime for all hours in excess." Joe wants to know what "overtime" is and when would we ever be required to work it. He always worked until everything was finished but never recalls use of the word "overtime".

So, to make a long story longer, how will faithful old Joe's working day be arranged so that he will be happy and the bank will be in accord with the Government?

> JOHN B. HITCHINS Summer Street Branch First National Bank of Boston Boston, Massachusetts

WHAT EVERY BUSINESS MAN SHOULD KNOW

about Fluorescent Lighting!

QUESTION. What is fluorescent lighting? ANSWER. G-E Fluorescent Lighting is a brand new light source, in which the light is produced not by a filament, but through fluorescent powders, coated on the inside of long glass tubes, which convert invisible ultra-violet energy into visible light.

Q. What are its advantages for me?

A. Its higher efficiency and greater coolness permit higher levels of illumination than ever before. Since people see faster, with less fatigue in better light, you should expect increased production, better sales, fewer mistakes, improved employee morale when fluorescent lighting is properly

Q. Why should I insist on G-E MAZDA Fluorescent Lamps?

A. G-E MAZDA F lamps are the latest product of General Electric Research and Development, which for 61 years have been giving America more and more light at lower and lower cost. Since G-E MAZDA F lamps were introduced in 1938, efficiency has been increased as much as 40%, prices reduced as much as 45%. Today's G-E MAZDA F lamps are made to give maximum light output for current consumed...made to stay brighter longer!

Q. What about fixtures?

A. General Electric cooperates with many fixture manufacturers, and does not make fixtures itself. Your G-E MAZDA lamp distributor can supply styles to fit every individual need.



TESTING the brightness of fluorescent powders used in G-E MAZDA Flamps to assure maximum light output.

Fixtures bearing the Fleur-O-Lier or RLM tag assure maximum fixture performance because they're certified by Electrical Testing Laboratories to comply with exacting specifications. Such certification may be obtained by any fixture manufacturer whose product meets required specifications.

Q. What should I do now?

A. See your G-E MAZDA lamp distributor. He can help you choose the right fixtures, and draw on all General Electric's experience to give you fluorescent lighting properly engineered to your needs, at the lowest possible cost. Your lighting company can also give you valuable advice.

G-E MAZDA F LAMPS are recommended for use only with equipment providing good power factor, and using certified ballasts and starters, such as Fleur-O-Liers or RLM Industrial fixtures. Fleur-O-Lier fix-tures are made by more than 40 experi-enced manufacturers.

G-E MAZDA LAMPS GENERAL SELECTRIC

"Why Fewer Banks?"

THEN two banks merged in Kansas Wast Fall, a local paper published an editorial which has since been widely reprinted. The two banks in question were the State Bank of Garden Plain and the Citizens State Bank of Cheney. The editorial, which appeared over the signature of Hugh C. Gresham, publisher of the Cheney Sentinel, follows:

WHY FEWER BANKS?

And so we have a merger of the State Bank of Garden Plain with the Citizens State Bank of Cheney.

Naturally, a lot of folks would like to know just what caused this to come about. Since 1933 a lot of changes have taken place in the banking business in this country, and we believe that a lot more changes are in store-more than the average person thinks.

In Kansas, as in all other states, all banks that are under the FDIC, are subject to two sets of laws, rules and regulations-one state and the other Federal.

The principal income of banks is that from interest on loans.

And in a rural community, the principal loan business is that to the farmers. A bank must charge an interest sufficient to pay expenses and pay a dividend to the stockholders.

But since 1933, the Federal Government has been in the business of making loans to farmers at a low rate of interest, hence much of the business that heretofore went to banks is no longer theirs.

This condition is making for fewer and larger banks.

Then the Federal Deposit Insurance Corporation and the state banking departments, to make depositors more secure, have become more exacting in the loans they will permit banks to makethus the volume of loans has been reduced.

Then in the new regime, the banks have

Stay on the Ground, Mister!



BY THOMAS: FROM THE ASSOCIATED NEWSPAPERS February 1941

been loaded with low interest government bonds-for the purpose of making the depositor safe-but reducing the income of the banks.

In Kansas is a law enacted by the state legislature requiring banks to add to their capital structure through increasing their surplus account until the surplus account is equal to the capital account. This requires a bank with \$10,000 capital to invest funds in its surplus account, over equals the \$10,000 capital account, which on all over the nation.

brings the invested capital to a \$20,000 figure. Likewise, a bank with \$25,000 capital must eventually operate on a \$50,000 invested capital figure, and in many instances the volume of business in the rural banking communities will not justify the added investment.

Thus all of these factors are causing many of the smaller banks to either be liquidated or merged.

And what we have witnessed at Cheney a period of time, until the surplus account and Garden Plain the past week is going



E NORTHERN TRUST C	OMPAN
Statement of Condition	
At the close of business, December 31, 1940	
RESOURCES	
oans and Discounts	8 44,500,036,86
J. S. Government Securities	
Other Bonds and Securities	103,154,197.13
Federal Reserve Bank Stock	270,000.00
Bank Premises	1,400,000.00
Customers' Liability, Account Letters of Credit	
and Acceptances	396,575.83
Other Resources	521,480.00
Cash and Due from Banks	161,903,069.08
FOTAL	\$422,600,237.05
LIABILITIES	
Capital Stock	\$ 3,000,000.00
Surplus Fund	6,000,000.00
Undivided Profits	4,894,956.40
Reserve for Taxes, Interest, etc	10,772,027.07
Dividend Payable January 2, 1941	135,000.00
Letters of Credit and Acceptances Outstanding	475,432.18
Other Liabilities	89,873.61
Deposits:	
Demand\$314,647,090.27	
Time 82,585,857.52	397,232,947.79
	\$422,600,237.05
Member Federal Deposit Insurance Corporation	n

LIABILI	11123	
Capital Stock		3,000,000.00
Surplus Fund		6,000,000.00
Undivided Profits		4,894,956.40
Reserve for Taxes, Interest, etc		10,772,027.07
Dividend Payable January 2, 1941	l	135,000.00
Letters of Credit and Acceptance	s Outstanding	475,432.18
Other Liabilities		89,873.61
Deposits:		
Demand	\$314,647,090.27	
Time	82,585,857.52	397,232,947.79

Pointers on Cashing Treasury Checks

(See "Protecting Uncle Sam's Checks", page 29. Bankers will be interested in passing these suggestions on to their merchant customers.)

Treasury checks are not legal tender.

Do NOT CASH Treasury checks for strangers.

ASK YOURSELF: "Why does a stranger ask me to cash his check? Why doesn't he go where he is known?"

Do not Hesitate to question a person who asks you to cash a U. S. Treasury check. It is your money you are risking, and you will be the loser if the check is forged.

Do NOT RELY on lodge cards, social security cards, automobile registration cards, drivers licenses, letters of introduction, gas or light bills, or bank deposit books as identification for the cashing of Treasury checks.

REMEMBER that check forgers are prepared to act quickly and offer an alibi. They may try to hurry you in accepting the checks. Always take your time in cashing a check. Be cautious. Play safe.

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Do NOT CASH checks for strangers after business hours. If you cash a check after hours, be sure of the identity of the presentor of it.

REJECT CHECKS written or endorsed in lead pencil, as such checks are easily altered.

REJECT CHECKS which appear to have been tampered with in any way, which are smeared with grease or other dirty substance, or wrinkled by crushing. Forgers often resort to such devices.

ALWAYS SEE THAT the endorsement is exactly the same as the name on the face of the check. If an address is shown on the face of the check, it should be included in the endorsement on the back of the check.

IF YOU ACCEPT a Treasury check from a person without having him endorse it in your presence, you are inviting forgers to victimize you. If the check is already endorsed when presented to you, have it endorsed again in your presence.

Do not accept a check from a person whose address is distant from your place of business, unless you know him personally. Be sure that the check belongs to the person who presents it.

Do NOT ACCEPT any Treasury check bearing a printed or rubber-stamp endorsement. The endorsement should be written in longhand.

Do not cash checks for juveniles, even though they say their parents have sent them, for you will be responsible in case the checks prove to have been stolen or forged.

Do not accept a Treasury check from a woman who says her husband has endorsed it, unless you have her endorse the check with her own name in full—not her husband's name. In such a case, you should know that the woman is the wife of the payee.

Do not forget that when you accept a check from any person, you are doing that person a favor. If you accept a forged



U. S. Treasury check from a stranger, you cannot collect from the Government.

Do NOT FAIL to use the same precaution in accepting a Treasury check that you would use in accepting a personal check. To be safe, do not accept a Treasury check unless you would be willing to lend the person concerned an equivalent amount of cash.

Forged treasury checks are seldom accepted by the cautious person. When you accept checks from strangers, you encourage forgers. Do not hesitate to refuse a small amount of business when strangers present Treasury checks in payment, lest you lose both the merchandise and the full amount of the check as well.

Do not endorse a Treasury check for a person who asks you to do so on the grounds that he cannot use his hand. That way forgers avoid making their handwriting a clue and so help cover up their crime.

DO NOT ALLOW Treasury checks to lie around after they have been presented to you by the rightful payee. Many such checks have been stolen and cashed. There is no Federal jurisdiction over such items.

IGNORE TELEPHONE CALLS from strangers to the effect that such and such a person will be there soon with a Treasury check. Many merchants have been victimized by this forgers' trick.

HERBERT M. BRATTER

Sales Finance Group Dissolves

THE National Association of Sales Finance Companies, with head-quarters in Chicago, was dissolved on December 31 by recommendation of the directors and vote of the organization's members.

Formed in Chicago in December 1924, the association had a life of 16 years, "during all of which period," said a statement announcing the dissolution, "it has well served and has exercised a vital and beneficial influence on the industry of time sales financing."

The association was established for the purpose of setting up standards of practice for sales finance companies, combatting objectionable and fostering desirable legislation, furnishing its members and the public with statistical, legal and other information related to the business, and fostering a spirit of cooperation among its members.

FHA Loans in 1940

More than \$1,000,000,000 in loans to finance new small homes were submitted to the Federal Housing Administration for mortgage insurance during 1940, Administrator Abner H. Ferguson has announced.

With new home construction under the FHA program breaking all previous records, applications for FHA insurance on new-home mortgages under Section 203 of the National Housing Act totaled \$990,259,360 in 1940. In addition, loans of more than \$20,000,000 financing the construction of new small homes in the lowest price brackets were insured under Title I last year.

The dollar amount of the new-home applications filed under Section 203 last year represented an increase of 26 per cent over 1939, the FHA's previous record year, when the total was \$784,-726,805. Last year's applications involved 214,981 new homes to be built under FHA inspection, an increase of 31 per cent over 164,552 in 1939.

At the close of the year, new home construction activities under the FHA program were continuing at record breaking levels for this season. Although showing the usual Winter decline from the peak levels of the Summer and early Fall, applications in December for mortgage insurance on new homes showed gains of 27 per cent in number and 23 per cent in amount over the corresponding month of 1939.

The December applications covered 12,942 new small homes, as compared with 14,068 in November and 10,219 in

December 1939. In amount, the applications totaled \$60,100,480 in December, as compared with \$65,463,360 in November and \$48,759,340 in 1939.

New home construction started under FHA inspection in December also continued to run well ahead of the preceding year, bringing the 1940 total to about 165,000, compared with 132,000 in 1939, a gain of 25 per cent. The average weekly number of homes started during the month was 2,605, as compared with 3,137 in November and 2,300 in December 1939. These figures do not include homes started under Title I of the National Housing Act.

Property improvement and modernization loans reported for insurance under Title I again maintained a strong trend in comparison with the preceding year. The total last month was 72,269 loans for \$26,475,454, as compared with 49,911 loans for \$21,340,116 in December 1939. More than 3,000,000 of these loans have now been insured.

The sustained activity under the FHA programs in December carried the total volume of loan insurance written to well over \$4,000,000,000.

The cumulative total of insurance written through December 31, 1940, was \$4,076,264,676. This includes 634,023 premium-paying small-home mortgages totaling \$2,706,352,739, a total of 317 mortgages insured on rental housing projects in the amount of \$126,952,675, and a total of 3,009,224 property improvement and modernization loans aggregating \$1,242,959,262.



UNITY through mutual interests

Defense creates unity of industry. For over three quarters of a century The First National Bank of Memphis, through economic interests in common with other banks of the Mid-South area, has been welding bonds of cooperation that are to YOUR advantage in the handling of business for this section.

The FIRST NATIONAL BANK

MEMPHIS, TENN.

Member Federal Deposit Insurance Corporation

Heard Along MAIN STREET

This material is compiled for BANKING by Albert Journeay

T WOULD BE most difficult to generalize in describing August A. Busch, JR., a director of the Mississippi Valley Trust Company of St. Louis. This young man of 40 habitually becomes expert at any vocation or avocation he undertakes, and he undertakes

As vice-president and general manager of Anheuser-Busch, Inc., the world's largest brewery, he is directly in charge of operating and sales for this vast organization, whose plant covers 142 acres, or 71 city blocks. And he isn't an "armchair" executive. Ask any of the old-time employees at the brewery and they'll tell you that "JUNIOR", as they call him, knows as much about any phase of the brewery as any employee among them.

If, like most business executives, GUSSIE BUSCH plays golf, no one has heard much about it. He prefers horsemanship and is an expert. Perhaps more than anyone else in St. Louis, he is responsible for the recognition which has been accorded the St. Louis National Horse Show.

CORNER OF MAIN STREET

Reporter Journeay used this appropriate drawing on his Christmas card



Some time ago he became interested in western horsemanship, buckled down to the job and soon became expert in the somewhat hazardous matter of roping a steer. His 1,500-acre country place has been virtually converted into a ranch, complete with corral and chutes for his western ponies and Angus calves.

Mr. Busch has been a director of the Mississippi Valley Trust Company since 1926.



PERHAPS, as you've listened to that famous fraternity song, The Sweetheart of Sigma Chi, you've wondered what the damsel looked like. The picture above will serve to answer that question. It shows BARBARA MILLER, vivacious and attractive daughter of J. A. MILLER, assistant cashier, Wells Fargo Bank and Union Trust Company of San Francisco. Miss MILLER was recently chosen the Sweetheart of Sigma Chi at the University of California.

IF, AT TIMES, you think your hours are crowded consider the case of Dr. D. P. RICHARDSON, Union, Oklahoma. The good doctor, in addition to being president of the Bank of Union, is a physician, a druggist, has an interest in a hardware store, is the postmaster, a farmer with hundreds of acres in alfalfa, and owns a hog ranch. He has served on the banking board under six and general counsel of the Marine Trust governors, has been state bank commissioner, president of the Oklahoma Group, recently was accorded the un-Bankers Association and of the Cana-usual distinction of having a trail dian County Bankers Association. He named for him. Known as the Edward



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PHOTOGRAPHIC PRIZE-The scene above, entitled "Snow Blanket", won a first prize of \$10 for Jack Gillaum, stock room employee of the National City Bank of Cleveland, in the bank's annual employees' photographic contest

was also president of the state medical association.

THE GROWING TIES between banking and major league baseball will be further cemented when CHARLES (DICK) SPALD-ING resumes his baseball career.

Since 1936 DICK has been an efficient member of the staff of the Market Street National Bank of Philadelphia. He resigned a few weeks ago to accept Manager JIMMY WILSON'S offer to become a Coach of the Chicago Cubs.

While this young banker was best known because of his baseball career, where in his first year in the National League he was the leading defensive outfielder, he was equally brilliant as a soccer star. In 1916 he was a member of the All American Soccer Team which represented the United States at the Olympic Games.

EDWARD H. LETCHWORTH, director Company and of the Marine Midland

H. Letchworth Trail, it is located in Letchworth State Park, a tract conveyed to the state by the Letchworth family.

Mr. LETCHWORTH is one of the many men connected with banking whose abilities have contributed to their cities, states and nation. In addition to serving on the boards of a number of industries, a partial list of Mr. LETCHWORTH'S activities include: member, New York State Board of Law Examiners (1919–21); president, Buffalo Joint Charities and Community Fund (1932–35); vice-chairman, Buffalo Foundation; president, The Kleinhaus Music Hall, Inc.; president The Nichols School of Buffalo (1919–21).

He is a trustee of the American Scenic and Historic Preservation Society, a member of the Society of Mayflower Descendants, secretary (Buffalo Section), the Society of Colonial Wars, president (1919–21) and now director, Childrens Aid and S.P.C.C., and director, City Planning Association.

*

CHARLIE YATES, recently elected assistant vice-president of the First National Bank of Atlanta is one of the world's outstanding golfers. In his meteoric career on the golf courses of two continents Mr. YATES has won the following titles:

Georgia State Golf Champion 1931–32
National Intercollegiate Champion 1934
Western Amateur Golf Champion 1938
British Amateur Golf Champion 1938
Member, American Walker
Cup Team 1936 and 1938

Mr. YATES is a native of Atlanta and has been in the bank's employ since 1935. He is an honor graduate of Georgia Tech and holds the degree of Bachelor of Science.

Mr. Yates



PROBABLY no other business or profession in America offers as great an opportunity for the education of its employees as does the banking business. An example of this is found in the National Savings & Trust Company of Washington, D. C., an institution which, incidentally, has for nearly 75 years occupied the same location.

Of the 110 men and women in its operating departments, 50 per cent are taking educational courses of one kind or another. Thirty-four are enrolled in the 40 courses offered by the A.I.B. and twenty-one are enrolled in law schools, night schools or secretarial schools.

The bank's management realizes that this voluntary study increases the employees' value to the bank and to the individual, and the bank pays the tuition for the A.I.B. courses and in various ways encourages A.I.B. and other studies, both by granting time and by aiding in defraying expenses. Many of the bank's oldest employees are enrolled in the various courses.



THE First Huntington National Bank of Huntington, West Virginia, is entitled to distinction for many reasons.

STATEMENT OF CONDITION

Mercantile-Commerce Bank and Trust Company

Locust ~ Eighth ~ St. Charles St. Louis

DECEMBER 31, 1940 ≡

THE RESOURCES

Cash and Due from Banks	\$109,010,343.69
U. S. Government Obligations, direct and guaranteed	1
(including \$11,905,849.45 Pledged*)	. 32,343,978.76
Other Bonds and Securities	. 33,916,928.35
Demand and Time Loans	. 31,207,198.65
Stock in Federal Reserve Bank in St. Louis	. 414,000.00
Real Estate (Company's Building)	. 2,350,000.00
Safe Deposit Vaults	. 400,000 00
Other Real Estate (Former Bank of Commerce Bldgs.)	. 1,500,000.00
Overdrafts	. 12,367.28
Customers' Liability on Acceptances and Letters	
of Credit	. 141,488.08
Other Resources	. 51,461.58
	\$211,347,766.39

THE LIABILITIES

	A
Capital Stock	\$10,000,000.00
Surplus	3,800,000.00
Undivided Profits \$2,912,029.85	
Reserve for Dividends Declared 300,000.00	3,212,029.85
Reserves for Interest, Taxes, etc	562,583.05
Unpaid Dividends	1,933.50
Bank's Liability on Acceptances and Letters of Credit	141,488.08
Other Liabilities	14,201.61
Deposits, Secured: Public Funds \$ 11,021,872.93	
Other Deposits, Demand 149,303,559.33	
Other Deposits, Time 33,290,098.04	193,615,530.30
	211,347,766,39

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*All Securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER PEDERAL DEPOSIT INSURANCE CORPORATION



Well informed bank directors are pillars of strength. Write today for information on BANKING's group subscription plan for your board.

DERAL DEPOSIT INSURANCE CORPORAT

LIQUIDATE YOUR JEWELRY

We will buy any jewelry you may have on col-lateral, or as executors of estates etc., regardless of the amount involved.

If Immediate action is desired, send your mer-chandise to our bank, The Pilgrim Trust Co., Boston, Mass. (Attn: Collection Dept.) and our cash offer will be wheel to you. Inder is unsatis-cash offer will be wheel to you. In offer is unsatis-ted by the control of the control of the control of bank, Full insurance coverage on all shipments.

If you wish our representative to contact you ersonally or desire further details, please write or

GORDON BROTHERS 18 Province St. Boston, Mass.

Among these is the fact that it is probably the only bank in the world to have two full fledged admirals on its executive staff. These are Admiral C. M. GOHEN, president of the institution, and admiral Homer Gebhardt, vice-president. Both are Admirals of the Cherry River Navy.

While the Cherry River is only a few feet wide, the title marks its bearer as a distinguished and honored citizen of the state, for it is conferred on eminent West Virginians as a reward for outstanding accomplishments. At the annual regatta the titles are bestowed with elaborate ceremony.

FREDERICK E. HASLER, president of the Pan American Society, chairman of the executive committee of the Continental Bank and Trust Company, New York, has received the insignia of the National Order of Honor and Merit of Haiti from Stenio Vincent, president of Haiti. The award was made at Portau-Prince which Mr. HASLER visited during a tour of Latin-American coun-



R. W. FENDER, vice-president, The Fort Worth (Texas) National Bank, has a hobby which both enriches him and benefits many others. He is an accomplished woodworker.

In his basement workshop, where he has a complete assortment of woodworking machines and innumerable



Mr. Fender in his workshop



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hand tools, Mr. FENDER turns out finely constructed articles such as tables, whatnots, and even boats. Walnut, he says, is his best wood to work with and it usually comes from some friend's attic where old bedsteads, dressers, and washstands have been stored for years. The donor in return usually gets something of his liking from the shop.



JOHN B. NEYMAN, guard at Peoples-Pittsburgh Trust Company's main office, an ex-marine, has a hobby which suggests an association of ideas. Mr. NEYMAN collects swords, bayonets and

CONDENSED STATEMENT

BANK FIRST NATIONAL

IN ST. LOUIS

At the Close of Business, December 31, 1940

RESOURCES

Loans and Discounts
U. S. Government Securities
Other Securities Guaranteed by U. S. Government
Other Bonds and Stocks
Stock in Federal Reserve Bank
Banking, House, Improvements, Furniture and Fixtures
Other Real Estate Owned
Customers' Liability a/c Letters of Credit, Acceptances, etc.
Accrued Interest Receivable
Overdrafts

Overdrafts Other Resources Cash and Due from Banks

LIABILITIES

Capital-Common Capital—Common
Surplus and Profits
Dividend Declared, Payable February 28, 1941
Reserve for Tazes, Interest, etc.
Unearned Discount
Liability a /c Letters of Credit, Acceptances, etc.
Individual Deposits
Savings Deposits
Bank Deposits

Hank Deposits City of St. Louis and Other Public Funds **Total Deposits**

\$310,072,997.56

\$10,200,000,00

\$136,356,165.69 32,847,061.42 114,406,859.61 6,078,020.82

289,688,107.54 \$310,072,997.56

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Mr. Neyman

daggers. His collection, which started when, as a lad of 12, his father gave him a sword captured by his uncle in the Civil War, now numbers over 175 pieces.

The oldest piece is a dagger which dates back to 86 A.D. Another interesting exhibit is the sword carried by the famed Lieutenant de Alvarado.

J. F. Buck, president of the Federal National Bank of Shawnee, Oklahoma, has gained wide fame both as one of the country's greatest wild game hunters and as a host.

It has long been the custom of Mr. Buck and his fellow nimrods to stage a wild game dinner at the completion of their annual hunt. At first this was confined to a small group of their friends, but as time went on it became one of the

Mr. Buck (left) and fellow-hunter



outstanding events of the West, and at the last dinner over 3,000 invited guests attended. These guests sat down to a meal prepared from bear, caribou, mountain sheep, mountain goat, moose, grouse and ptarmigan, together with other game shot by the party. It had been shipped from their hunting ground in Alaska to Shawnee by plane, burro, sled, steamboat and train, and was prepared by expert chefs.

When the International Rose Show

25,000 to 30,000 roses were displayed in the spacious lobby of The First National Bank & Trust Company and drew thousands of spectators.

The display was arranged by FRANK SHAW, the bank's utility teller. It was one of the many shows Mr. Shaw has planned and staged in the lobby which have attracted city-wide attention. During the bank's 50th anniversary celebration he decorated the lobby with priceless early-day Oklahoma historical objects and Indian museum pieces. This display drew 11,400 visitors to the bank on a Saturday afternoon and evening. was recently held in Oklahoma City, Last year the Oklahoma Rose Society



Statement of Condition

At the Close of Business December 31, 1940

ASSETS

Cash on Hand and Due from Banks		\$69,865,488.50
United States Securities Owned .		21,279,700.00
Stock in Federal Reserve Bank		330,000.00
Other Stocks and Bonds		1,980,760.35
Loans and Discounts		55,837,403.11
Furniture and Fixtures		254,331.75
Banking House		2,265,000.00
Other Real Estate		1,078,543.56

LIABILITIES

Capital Stock			\$5,000,000.00
Surplus Fund			6,000,000.00
Undivided Profits, Net .			4,123,900.67
Reserved for Taxes, Etc.			424,140.56

Deposits

Individual		\$79,363,367.43
Banks and Bankers		51,247,950.96
U. S. Government		6,731,867.65

137,343,186.04

\$152,891,227.27

\$152,891,227.27

FIRST NATIONAL BAI

IN DALLAS MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

exhibit of 10,000 roses which he helped of the Badger Institute of the Blind, an arrange drew 7,500 persons to the bank. He has staged other displays from time supporting home for blind men and to time featuring scout craft, amateur women. He is also treasurer of the photography, and other interests.

cartoons about banking services, one of waukee outstanding musical talent. which he prepares each week for lobby Although Mr. Jones is active in many use, gives Mr. Shaw an outlet for his civic and industrial projects, his chief unusual artistic ability.

organization which operates a self-Arion Musical Club, the state's leading This work and the series of effective Oratorio Society, which brings to Milinterest is in the blind and in music.

JOHN E. JONES, cashier, Marshall & Ilsley Bank, Milwaukee-a veteran of Merrill Trust Company, Bangor, Maine,

OTTO H. NELSON, trust officer, The over 50 years in banking—is treasurer is perhaps the only banker who is also a



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THE NATIONAL CITY BANK OF NEW YORK

Head Office · 55 WALL STREET · New York

Condensed Statement of Condition as of December 31, 1940 (In Dollars)

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS

Cash and Due from Banks and Bankers	\$1,364,824,538
Gold Abroad or in Transit	1,401,172
United States Government Obligations (Direct or Fully	
Guaranteed)	860,973,666
Obligations of Other Federal Agencies	40,806,922
State and Municipal Securities	148,105,462
Other Securities	67,313,993
Loans, Discounts and Bankers' Acceptances	544,312,305
Real Estate Loans and Securities	7,363,080
Customers' Liability for Acceptances	7,043,466
Stock in Federal Reserve Bank	3,915,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	41,224,960
Other Real Estate	273,324
Other Assets	908,499
Total	\$3,095,466,387

		40,030,100,001
LIABILITIES		
Deposits		\$2,908,437,735
Liability on Acceptances and Bills		
Less: Own Acceptances in Portfolio	6,075,063	9,737,643
Items in Transit with Branches		6,610,912
Unearned Discount and Other Unearned In	ncome	3,910,095
Interest, Taxes, Other Accrued Expenses, e	tc	5,894,067
Dividend		3,100,000
Capital	\$77,500,000	
Surplus	64,500,000	
Undivided Profits	15,775,935	157,775,935
Total		\$3 005 466 397

Figures of Foreign Branches are as of December 23, 1940. (London as of December 21)

\$75,007,376 of United States Government Obligations and \$35,778,203 of other assets are deposited to secure \$87,014,169 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

registered guide. This title is not an "honorary" one, for he is an experienced woodsman and expert fisherman who has had long experience in Maine woods and on her waters.

Mr. NELSON is president of the Maine Corporate Fiduciaries Association and chairman of the Initial Gifts Committee of the Community Chest. In his prebanking days he was a newspaper man and writer.

ROBERT P. BEAMAN, president, National Bank of Commerce, Norfolk, Virginia, was selected as his city's first citizen for 1940 and was awarded the Distinguished Service Medal of the Cosmopolitan Club at its annual banquet on January 23. Mr. BEAMAN is the twelfth Norfolk citizen to be so honored in as many years.

Among the distinguished services mentioned by the committee conferring this honor upon Mr. BEAMAN were his assistance to the city in revamping its bond structure, thereby effecting large savings to the citizens and also preventing a tax increase; his service as president of the Norfolk Community Fund during the 1940 campaign, which had a substantial oversubscription; and his meritorious service as vice-chairman of the Finnish Relief Campaign for Virginia in the Spring of 1940. Recognition also was given to his efficient activities in the interest of the general welfare of the city over a number of years.

Mr. BEAMAN began his banking career as a clerk in the bank which he now heads: from 1914-1917 he was an assistant cashier; from 1919-1921, cashier, and vice-president from 1921 to 1926, when he resigned. In 1931 he was elected president of the National Bank of Commerce and Trusts (now the National Bank of Commerce).

During World War I he served first as a lieutenant and later as a captain. He is a past commander of the Norfolk Post of the American Legion.

S. SLOAN COLT, president, Bankers Trust Company, New York, recently gave the Agricultural Committee of the New York State Bankers Association a purse of \$240 to be used to defray the expenses of six winners of the state 4-H Club contest to the National 4-H Club Congress in Chicago.

The proverbial stitch in time is being planned for 1947 by I. I. Sperling, assistant vice-president of the Cleveland Trust Company, Cleveland. The need for such far-sighted planning had its inception in 1907, when a church at the corner of Euclid Avenue and what is now East 9th Street was dismantled to make room for the Cleveland Trust's main office building.

The church, in its wisdom, had steps on the extreme Euclid-E. 9th corner, which served as a notice of ownership, but the bank had other ideas and took no such precautions; instead, it shaved

Marjorie Solomon, of the Phillips National Bank of Helena, Arkansas, finds outlets for her enthusiasm in several directions. Chief of her several hobbies is her collection of miniature dogs-120 of them from Tampa, Memphis, Chicago, New York and many other cities



February 1941

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a corner off of its building at this spot.

Back in 1920 the bank's legal staff began to worry about this bit of real property. It seems that the city government can "acquire title by adverse possession" unless the bank establishes ownership once every 21 years.

For years the bank had used this corner for civic, educational and industrial displays. In 1926 someone hit on a bright idea. A motorboat display was set up, with a prow jutting to the property line. To peg any legal loopholes, a wooden frame was built underneath. At that time the display space, includ-

ing sidewalk, was estimated to be worth

Mr. Sperling, who is in charge of his bank's advertising, is now devising ways and means to fence off this corner in 1947 . . . just in case.



GEORGE L. HARRISON, former president of the Federal Reserve Bank of New York, who on January 1 became president and chief executive officer of the New York Life Insurance Company, began his distinguished career in



Why it pays you to standardize on the Sengbusch handi-pen

. . . for all your desks, "inside" or public

New tip-in-ink feature—pen writes in-stantly, smoothly. Uniform pen-inking—no flooding, no inky fingers. Less refilling—holds up to a year's supply of ink without evaporation waste. Customers, employes, executives appreciate this new ease and convenience in writing . . . Order now from your stationer — or write for 10-day trial offer to

COUPON-TEAR OUT AND MAIL TODAY

SENGBUSCH SELF-CLOSING INESTAND CO. 2B Sengbusch Bldg., Milwaukee, Wis. Please ship HP-6 Handi-pen sets for 10-day free trial, with no obligation to me.

Address City.....State....



No. HP-6 - \$3.00

1913 as legal secretary to the late Oliver 1928; governor from 1928-1936, and Wendell Holmes, Justice of the United States Supreme Court, which post he left in 1914 to become general counsel of the Federal Reserve Board, in Washing-

Mr. HARRISON had served continuously with the Reserve Banks since 1914, with the exception of a brief furlough in 1918, when he saw overseas duty with the American Red Cross. In 1919-1920 he again held the post of general counsel of the Federal Reserve Board; was deputy governor of New York Federal Reserve Bank from 1920president since 1936.

Mr. HARRISON took his A.B. at Yale, from which he also has an honorary M.A., his LL.B. at Harvard, and has a LL.D. from Colgate and Wes-

ERWIN KONRAD, of the Marine Trust Company of Buffalo (N. Y.) and president of Buffalo Chapter of the A.I.B., is one of the nation's leading oarsmen. Currently he is Canadian champion in



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The Canadian champion

the quarter-mile single sculls, a title he held in '35, '36, and '39, as well as in '40. In '35 and '36 he was also U. S. national single sculls champion at a quarter-mile. A list of his rowing and sculling victories achieved since he took up the sport in 1925 as a student in Lafayette High School would fill several columns similar to this...

H. FRED EGAN, cashier of the State Bank of Park City, Utah, holds the rank of captain in the Officers Reserve Corps. Mr. Egan served with the A.E.F. in France in 1917 and 1918, and was commissioned a second lieutenant while overseas. He has held his present bank position since his discharge from the Army in 1919.

Mr. Egan



The Cleveland Trust Company

Cleveland, Obio

CONDENSED STATEMENT OF CONDITION, D	ECEMBER 31, 1940
ASSETS	
Cash on Hand and in Banks	\$ 209,112,381.93
and guaranteed	99,335,420.71
State, Municipal and Other Bonds and Invest- ments, including Stock in Federal Reserve	7222 482 40
Bank, less Reserves	7,333,453.18 147,149,894.96
Banking Premises (including investments and other assets indirectly representing bank premises) less	
Reserves	6,211,088.11
Other Real Estate (including investments and other assets indirectly representing other real estate) less	
Reserves	4,767,334.25
Other Resources, less Reserves	1,729,179.44
Customers' Liability on Acceptances Executed	. /
by this Bank	141,507.30
Total	\$ 475,780,259.88
LIABILITIES	
Capital Notes \$ 13,000,000.00 (Subordinated to Deposits and Other Liabilities)	
Capital Stock 13,800,000.00	
Surplus and Undivided Profits 6,121,115.15	
Reserve for Contingencies . 751,826.63	
Retirement Fund for Capital	
Notes and Accrued Interest to February 1, 1941 596,602.25	34,269,544.03
	34,209,344.03
DEPOSITS	
Demand \$ 223,638,293.81	
Time	
(Preferred) 16,964,944.21	
Corporate Trust Department (Preferred)	436,959,344.31
Accrued Taxes, Interest, etc	1,555,769.98
Other Liabilities	2,854,094.26
Acceptances Executed for Customers	141,507.30
Total	\$ 475,780,259.88

United States Government Obligations and other assets carried at \$17,076,712.07 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM

Member Federal Deposit Insurance Corporation

Thé Mutuals Have a Birthday

Nineteen forty-one marks the 125th anniversary of the mutual savings bank system in America. Calling attention to this important birthday, the National Association of Mutual Savings Banks has prepared an interesting historical sketch of the beginnings of this form of banking. It is reproduced, in part, below.

TATIL the beginning of the last century all banks dealt in commercial affairs only. There had been efforts to establish a type of bank which would meet the needs of the average citizen, but nothing effective was done until The Reverend Henry Duncan of Ruthwell Village, Scotland, saw that members of his congregation suffered from poverty more than any other ill. The good parson invited his flock to leave with him whatever small funds they might be able to spare.

It was not long until Mr. Duncan had a chest filled with pence and farthings. He perceived that the next step should be investment of this capital, and called in some of the seniors of his church to devise ways and means. Out of their efforts grew the first mutual savings bank, founded in 1810. Success was instant and in the next few years similar institutions appeared in numerous communities of Scotland and England.

Not until the War of 1812 had come and gone, leaving behind a povertystricken America, did the new movement toward thrift reach this country. Leadership in formation of the early savings banks was shared in by well remembered men of 1816. A patriotic group met in Philadelphia for this purpose, led by Condy Raguet, prominent merchant.

New York saw its first mutual bank opened in 1819, largely by the efforts of Thomas Eddy, with the support of Zachariah Lewis, James Eastburn, and

colleagues.

Quite a few of the new institutions turned attention to special groups of citizens, as proved by their names, including such words as "Artisans" and "Farmers and Mechanics", especially, "Seamen's". A number of their titles incorporated "Five Cents" and "Dime", showing that the founders thought no sum too small to be saved.

The mutual principle of community effort applied to business was developed by Benjamin Franklin. It seems that he had been caught in a blaze and somewhat singed, having to leap from a

second-story window. This prompted him to set down advice against carrying live coals from one fireplace to another, as often was done in those days. Also he was prompted to the further step of organizing the first American company of firefighters in 1736—a body of citizens banded together for mutual protection.

Sixteen years later, Franklin set up a "Society" to insure property against

fire. It still exists.

Based upon Franklin's example, other citizens of Philadelphia organized the first mutual life insurance company in 1759, just seven years after Franklin had blazed the way. This company was known as a "Fund", for the protection of Presbyterian ministers.

A lapse of 64 years ensued between Franklin's application of the mutual principle and the coming of the mutual savings bank in 1816.



INVESTMENT

ESPONSIBLE dairymen in Eastern N milksheds, cotton growers in the South, livestock feeders in the Middle West, ranchers in Intermountain States, fruit raisers on the Pacific Coast . . . are the eventual customers of the twelve Federal intermediate credit banks.

The notes of farmers and stockmen accepted by these banks represent all major types of the Nation's agriculture and carry the full strength endorsement

of the local lending institutions-production credit associations, agricultural credit corporations, livestock loan companies, state or national banks.

Such notes provide the basis for issuance of Federal intermediate credit bank debentures, which enjoy the further security and collateral diversity derived through discounting, for the banks for cooperatives, paper backed by agricultural commodities in storage.

THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS. BALTIMORE, MD. COLUMBIA, S. C.

LOUISVILLE, KY. NEW ORLEANS, LA. ST. LOUIS, MO.

ST. PAUL, MINN. OMAHA, NEB. WICHITA, KAN.

HOUSTON, TEX. BERKELEY, CAL. SPOKANE, WASH.

Further information regarding the Debentures may be obtained from

CHARLES R. DUNN, Fiscal Agent

31 Nassau Street, New York, N. Y.

Convention Headquarters AMERICAN BANKERS ASSOCIATION*



SPECIAL CONVENTION RATES TO A.B.A. MEMBERS

* Midwinter Trust Conference – Feb. 4-6

* Regional Conference—March 5-6-7

These two important conferences again show the preference that bankers and other business leaders have for The Waldorf-Astoria. The Waldorf is convenient to railway and airway terminals; easily accessible from all New York's financial and business districts. And it's the place, too, for your personal headquarters — homelike rooms equipped with every modern convenience - restaurants offering a wide variety of menus and prices - and within strolling distance is the smart world of New York clubs, theatres, shops. Correspondence concerning reservations and rates should be addressed to Frank A. Ready, Manager.

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THE Country Banker by George Rae was published in 1896 and is based upon his experiences gleaned from 40 years of country banking and his relations with customers, shareholders, officials and the general public.

Mr. Rae was less anxious to advance his own special views "than to exemplify from fresh points of observation the accustomed lines and recognized limits of prudent banking; a rational observance of which would have rendered the bank failures of our time fewer in number, less scandalous in their revelations, and less calamitous in their results."

A portion of this work was published anonymously 35 years earlier in a series of letters on the functions and duties of a branch manager.

This interesting book came to Banking from Allen L. Gillett, president of the Federal Intermediate Credit Bank, Springfield, Massachusetts, who felt that our readers would like to share in its wisdom. Extracts follow.

It is hardly necessary to suggest that in your dealings with the public there must be a total absence of bias—religious, political or social.

*

Opportunities for making bad debts will come to you in abundance and variety. It will be the daily study of your business life, therefore, to learn to distinguish at a glance those transactions in banking which are safe and legitimate, from those which are unsafe and pernicious.

*

There is, no doubt, a possibility of being over-cautious; but in banking that is one of the cardinal virtues, compared with the opposite evil and mischief of being over-credulous.

*

When the reasons for and against a proposed transaction are so evenly poised in the scales of your judgment that the balance hesitates to incline either way, a solution of the difficulty will sometimes be found by making the enquiry within—would you make the advance if the money were your own?

+

You have to beware of placing too much reliance on the balance usually at a man's credit as a test of his means, until you have first seen how the balance is created. His trading position, in other respects, may be perfectly sound and solid; but the balance at his credit is not of itself conclusive evidence of the fact.

The solid man of business who, from pride or prejudice, hesitates to disclose the position of his business affairs to the confidential ears of his bankers, damnifies himself in two ways. A man lays bare the secrets of his constitution with candour to his physician, lest, in the absence of an exact knowledge of the case, inapt remedies might be applied. For a like reason, a man should be equally frank with his banker.

*

A banker's opinion of people, in business or out of it, is in daily and universal request throughout the land; and as the reliance placed upon that opinion is well-nigh absolute, it had needs be sound.

In your private valuation of every trader's assets, as set forth in his balance-sheet, you must take into account the possibility of his failure, and the effect of that misfortune upon their

It may be unpleasant to have to refuse an advance to a gentleman of good family but restricted means, with whom you are on terms of friendly intercourse. But in banking, as we had occasion to remark at the outset, the scope for sentiment is limited. The feelings need no more be touched by refusing to lend a gentleman money without security, than by refusing to make a bet, or to go on a cruise, or make a tour with him, or anything else that is simply inconvenient.

Bear in mind that every advance which you make without security, will rest for its safety on the unerring accuracy of your own judgment as to the means and character of the borrower. But in such cases is your judgment—is any man's—infallible?

In making your selection and choice of the trustworthy amongst your customers-in separating the sheep from the goats-your experience will be more than human, if you do not take to your bosom a black sheep now and then.



When a man of property borrows money from a private person, the usual basis and condition of the loan is a mortgage on the property of the borrower; not as a favor, but as a matter of course and ordinary business custom. This being so, it is difficult to see on what ground a banker is expected to lend his money to anyone without a similar formality.



Nothing more retards the progress of a bank than unpopularity; nothing, on the other hand, brings it a steady accession of business with more certainty than its standing well with the community. The bank which has the good will and the good word of everyone is sure to make progress. But to insure this kind of popularity, it must be incapable of harsh dealing. It must not be over-grasping or too insistent in every case upon its exact legal right-the strict letter of its bond. In banking, as in other things, there is a law within the law: and that bank will do best for itself and its shareholders which can at times be generous, as well as just.



Let it be your maxim that a man is good security to a bank for a portion only of what he is worth-a portion which will mainly depend upon the showing of his balance-sheet.



You can dispose of a marketable security at any time, and get the money for it: but to turn a surety into cash, is a less certain process, and not always crowned with satisfactory results.



In banking you take nothing for granted, of which the proof is within reach. Whatever may be the point on which you seek assurance, there is no excuse for your resting on assumption, when you can fortify your judgment by the superior logic of



The leading fact to bear in mind is this-that so long as you retain possession of the property, the money you have advanced upon it is as effectually locked up and unavailable for your ordinary business purposes, as if it were at the bottom of the Pacific.



An imperfect security is no security at all while it remains imperfect.



One reason for having as large a portion as possible of your deposits put on deposit receipt is this-the receipts are not transferable. They must be presented for payment by the depositors in person, and the majority of depositors are shy of exhibiting a want of confidence in their banker to his very face, and will not lightly join a run upon him.

THE

NATIONAL CITY BANK

OF CLEVELAND



Statement of Condition

DECEMBER 31, 1940

ASSETS

Cash and Due from Banks				\$114,512,629.88
United States Government				
tions	•	٠	•	46,873,953.27
Other Securities			٠	15,890,463.23
Loans and Discounts				56,890,577.44
National City Bank Buildin	ng	ar	nd	
Leasehold			۰	1,900,000.00
Other Real Estate Owned.				46,873.93
Customers' Liability on Acce	pta	nc	es	
and Letters of Credit .		•	•	2,506,743.47
Customers' Liability on Loan	n (Cor	n-	
mitments			0	1,665,198.18
Accrued Interest				493,201.66
Other Assets	•	٠	٠	120,438.47
				\$240,900,079.53

Capital Stock \$ 9,000,	00.00		
Surplus 4,350,	00.00		
Undivided Profits 1,126,	513.20	\$ 14	1,476,513.20
Reserves		2	2,997,442.6
Acceptances and Letters of Cr	edit .	3	,006,743.4
Loan Commitments Outstandi	ing .	1	,665,198.1
Accrued Interest and Expense	s		109,495.3
Deferred Credits and Other Lia	abilities		286,263.0
Corporation, Individual and Deposits \$176,763,			
Savings Deposits 30,805,	341.67		
Trust and Public Deposits 10,789	137.64	218	8,358,423.6
		024	000 070 5

NOTE: United States Government obligations carried at \$11,711,992.63 are pledged to secure trust and public deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

About Inflation

Washington, D. C.

Secretary of Commerce Jones sees for 1941 a very active year in business. He is reassuring in pointing out that price rises due to the defense effort have been moderate. "Nevertheless," he adds, "past experience indicates that the price problem may be a potentially difficult one as production continues to

rise. For this reason it is an area to which considerable attention must be devoted in the coming year."

Many who had apprehensions regarding inflation ahead were reassured by the intentions underlying the Reserve System's Special Report to the Congress on January 1.

A recently received issue of the London Economist (Nov. 16, 1940) contains

some comments on the American financial scene. "A plethora of money," observed the British weekly, "clearly does not cause a buying spree." But "if the public were, for some other reason. to begin spending, there is no possibility of any control being exerted. An inflationary movement, once touched off, as it well may be within a year or eighteen months by the growth of defense expenditures, might well run away with itself. It would not necessarily show itself in commodity prices or in Stock Exchange values, though both are probable; but what would inevitably follow would be such an insistent demand for all kinds of labor and materials that the defense program, Britain's as well as America's, would find itself seriously impeded. In a very real sense, what America has to fear in the near future is not too little prosperity, but too much."

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Incidentally, the "Fed's" recommendations to Congress say, in effect: "Don't use future gold and silver acquisitions as money." Yet they fail to say: "Don't buy any more gold and silver." If gold and silver are not needed as money, the original reason for buying

them has disappeared.

Federal Reserve vs. Inflation

The sending to Congress of the Federal Reserve System's special plan to fireproof some of the inflationary explosives that have been cluttering up Washington's monetary attic served to remind Senator Wagner again that in the Summer of 1939 the Senate gave his Committee \$25,000 to conduct a monetary and banking study. The System's proposal follows closely the lines of Chairman Eccles' December speech in New York.

Senator John G. Townsend, Jr., points out that this country is still buying gold and silver from aggressor nations, thus aiding their fifth-column activities here. He suggests discontinuance to serve both monetary and political ends.

On the Federal Reserve's Plan

From the January 8 press conference:

Reporter: Did you hear of that Federal Reserve plan . . . not to discourage lending but to reduce the amount of credit in banks available for lending?

Secretary of Commerce Jones: I am opposed to that. I am trying to get the banks to lend, all the time.

H. M. B.

CITIZENS NATIONAL

TRUST & SAVINGS BANK OF LOS ANGELES

Established 1890

Condensed Statement of Condition at Close of Business December 31, 1940

RESOURCES

Cash and Due from Banks		٠		\$ 42,233,560.85
United States Obligations, Direct or				
Fully Guaranteed	۰			38,904,773.88
State, County, and Municipal Bonds				5,142,477.56
Other Bonds				898,035.70
Loans and Discounts				51,427,645.17
Federal Reserve Bank Stock				247,500.00
Stock in Commercial Fireproof Building	ng	Co.	_	,
Head Office Building				348,500.00
Bank Premises, Furniture and Fixture				· ,
Safe Deposit Vaults (Including Bra				926,630.37
Other Real Estate Owned				1,474,669,16
Customers' Liability under Letters of				, , , , , , , , , , , , , , , , , , , ,
and Acceptances				441,066.05
Earned Interest Receivable				308.014.07
Other Resources				250,319.95
TOTAL				\$142,603,192.76
			-	

LIABILITIES	
Capital Stock \$5,000,000.0 Surplus 3,250,000.0 Undivided Profits 1,150,000.0	0
Reserves for Interest, Taxes, Dividends, Contingencies, Etc Discount Collected – Unearned Letters of Credit & Liability as Acceptor of	
Endorser on Acceptances & Foreign Bil	ls 456,230.07
Other Liabilities	. 10,168.93
Deposits	. 131,719,954.24
TOTAL	. \$142,603,192.76

Head Office: Spring Street at Fifth, Los Angeles

Branches Throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKING'S Advertisers February, 1941

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Lots about Tots

A MILDLY bewildering announcement from Cleveland inspired the following editorial in the New York Herald Tribune:

TOTS AND SPOTS

It is hard to say why a recent triumph of terminological whimsy, achieved by the otherwise admirable housing administrators of Cleveland, should exercise so baleful an influence over the imagination. New housing developments in that city have been provided with special outdoor inclosures in which to deposit infants of less than playground age; and these installations have been endowed with the name of "tot lots." We do not doubt that the tot lot is a valuable invention, lightening the cares of innumerable working mothers and reducing infant mortality, damage to nerves and furniture and other ills. But somehow the thought of a great and presumably adult civilization facing the dawn of a new tomorrow with ranked lots for tots and tot-filled lots-and what is more, sending out mimeographed publicity about them from the U. S. H. A. Press Section, Room 6305 North Interior Building, Washingtonis something no man can face with equanimity.

It induces a slightly giddy feeling; one begins to see tots in the press section and lots of tot-plots in the North Interior and pots and pots of tots whirling mimeograph machines into nothing but blots and spots before the eyes. The trouble is the dizzy certainty that here, somehow, is something that is going to get us in the end. We know that the oldfashioned way of having babies and raising them and calling them just that is doomed by the automobile, the machine age, the pediatrical and pedagogical expert, the division of labor and the ingenuity of the housing expert; we know a better and more rational life is coming and that there will always be press sections and mimeograph releases to herald it, but here is the dread fear that it will all get too mixed up in the end to be intelligible and just too cute for words.

The implications here are enormous. Will tots, along with other Federal aid beneficiaries, form a lobby? Perhaps there will even be a left-wing Tot Front, receiving orders from the Sov-Tots. Think of a tot picket line carrying placards in baby talk! What confusion! Anyway, we thought you'd enjoy the editorial.

INVESTORS SYNDICATE OF AMERICA, INC.

Series One Investment Certificates

Maturity Value \$2,000

Price-\$110 annually, or \$56.20 semiannually, or \$28.80 quarterly, or \$9.80 monthly for 15 years.

Copies of the Prospectus, fully describing these Certificates can be obtained from Agency Offices of the distributor, Investors Syndicate, in Principal Cities of the United States

* ORGANIZATION

PRESENT DAY BANKING'S PROGRAM OF ACTION

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FOUR A.B.A. CONFERENCES . . . A.I.B. PUBLIC RELATIONS SIMPLIFIED FORMS BOOK . . . MEMBERSHIP ACTIVITY



The International Proof Machine Endorses as it sorts, lists and proves

- Checks are sorted according to their proper classifications into as many as twenty-four sorting receptacles in the machine.
- Checks are listed on individual adding machine tapes to provide totalled listings for each of the twenty-four classifications.
- Checks are proved by means of a control tape which lists checks in original sequence, indicates classifications, provides a total for each deposit and a grand total for the block.
- Checks are endorsed automatically as they pass through the machine into the sorting receptacles.

All these operations are performed simultaneously by the Proof Machine... in approximately the same time ordinarily required to perform one operation manually. Additional time is saved because a constant proof is maintained. Errors are so localized that the "difference-time" problem is practically eliminated.

An investigation will show you how your bank and your customers will benefit from this modern check proving method. Phone, write, or visit a nearby International office today.

INTERNATIONAL BUSINESS MACHINES CORPORATION



Decentralizing Defense Loans

Purpose....

Loans Committee of the American Bankers Association has gone to work in a way that promises to make banking history. The accent is on local responsibility and the needs of small business.

In the words of President Houston, referring to the appointment of the committee and urging banks to seek defense loans aggressively, there is a clear note of wider, deeper import—a profound purpose and something beyond the bread-and-butter business of making defense loans to industry.

"The American Bankers Association," he said, "has set up nationwide machinery to assist banks in the making of defense loans. It has established a national committee with a representation in each Federal Reserve District, having this work in charge. . . . The defense program presents a real challenge to the system of free enterprise. To convert a peace-time economy into a defense-program economy resembling a war economy in character and magnitude, requires great sacrifice, patience and effort. It will call upon us to make extra efforts, to put aside many preconceptions in order that we may place the credit facilities of our institutions at the service of defense activities speedily. By doing our full part we shall make our contribution to the preservation of the democratic way."

The machinery has been set up, nationally and regionally, for the purpose of giving every possible aid to the business of the National Defense Advisory Commission, particularly its policy of bringing all communities within the orbit of the defense program and spreading defense orders to small business enterprises.

It is a timely sample of the best kind of democracy in action, because the decentralization of production, and financing the vast rearmament effort are important both for the sake of the defense program itself and for the sake of the political and economic ideas that are being defended. It might be well to settle in our own minds once and for all the fact that banks are writing a little history right now that will be read after the emergency is past, accounts totalled, records in, and we know what really happened.

The first job of the committee has been to see that every bank in the country knows the process of lending on Government contracts for supplies and plant facilities. That, however, is only the start. The picture is going to change constantly, because it can't do anything else, and there will be new problems requiring quick action. It is simply a case of being aggressively on the job and doing whatever is helpful, needed and wise.

Speaking generally there are a few things that might be mentioned among the committee's principal opportunities for service to the banks and to the defense authorities:

- 1. Inform banks about the emergency plant and supplies contracts, and the provisions of the Assignment of Claims Act of 1940.
- 2. Serve as liaison and two-way information channel chiefly between the Federal Reserve authorities and the banks on all matters relating to defense financing.
- 3. Serve as liaison between the various state bankers associations and the American Bankers Association in connection with whatever plans or activities are necessary to advance the national program.
- 4. See that banks have a thorough knowledge of what the Government is buying and advise the banks on furnishing this information to their local industries.
- 5. Encourage banks to find out what is produced or can be produced in their home industries and pass this information along to the procurement agencies of the Government.
- 6. Encourage banks to set themselves up, as far as possible, as sources of information on anything concerning the Government's defense purchases.

For example, banks can be of service in sending credit information promptly regarding bidders seeking Government orders. There are thousands of industries throughout the country which are not on the Army's or Navy's list of available plant facilities. In fact, there are less than 20,000 right now in this category, whereas the possible number has been estimated as high as 150,000 and above.

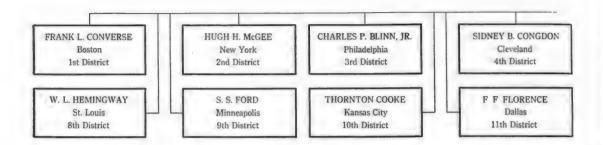
Most of them are small and, therefore, would not be able to obtain the necessary information and participate in Government orders except through the aid of their local banks. The ambulance-chasing type of representative, claiming to know how to obtain defense orders, is bound to increase his activities and this is another reason why banks should be in a position to advise and assist with every sort of information, including technical data.

7. Another possible function of the committee is the all-important one of trying to keep the financing of defense on a sound basis so that when the emergency is over and we are manufacturing only for peace once more, there will not be too many mistakes to regret and crab about. One way in which this can be done is by seeing that the proper safeguards are in all contracts used as collateral, a task that will last as long as the emergency.

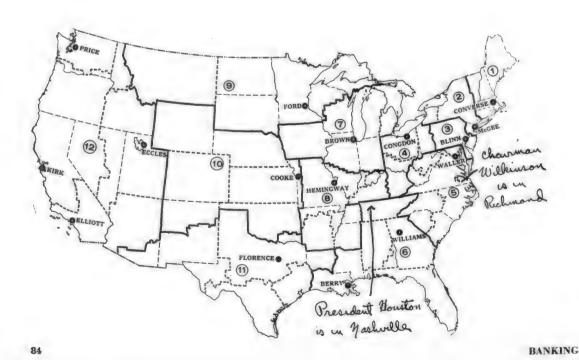
On the question of keeping defense on a sound economic basis, all banks face the same dilemma. They will be under severe pressure to make loans that would ordinarily be denied. At the same time they are being told constantly that if they will not do everything expected

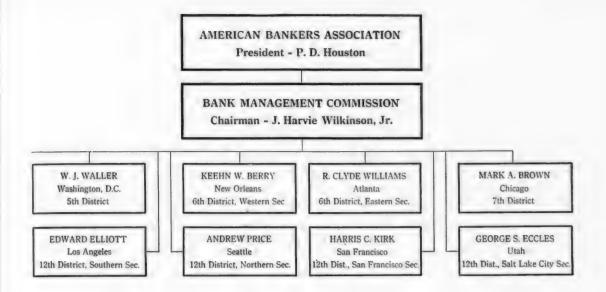
(CONTINUED ON PAGE 86)

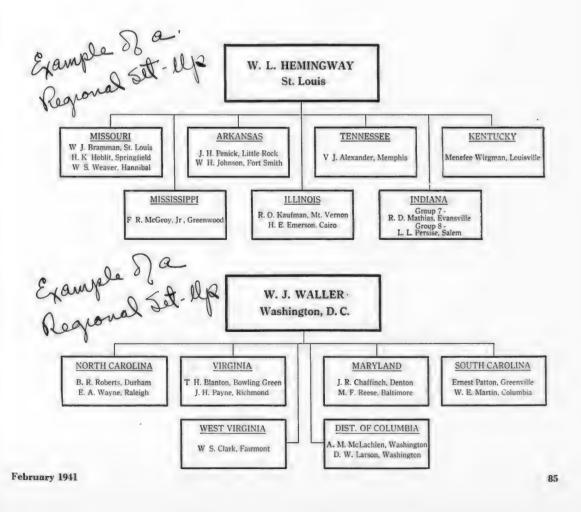
Chart Showing Organization, National Defense Loans Committee



GEOGRAPHICALLY — Here are the names of the A.B.A. committeemen shown on the chart above, placed on a map to indicate the broad, nationwide coverage of the committee's membership and its distribution with reference to Federal Reserve District boundaries and branch territories. The Federal Reserve Board of Governors, which acts as liaison between the Defense Committee and the banks of the country, has named a committee for this purpose, similarly distributed by districts. Subcommittees of the A.B.A. Committee in each district, organized through the various state bankers associations, provide representation for every section of the country







Decentralizing Defense Loans

(CONTINUED FROM PAGE 83)

of them by every Tom, Dick and Harry wanting money, the Government will step in and expand its lending activities.

It is in meeting problems of this nature that the Defense Loans Committee and its regional sub-committees will have no trouble finding ways to be helpful. All these things will work themselves out all right, but only with month-to-month experience as a guide.

Progress. . . .

At a meeting in Washington on November 28 and 29 President Houston appointed the National Defense Loans Committee to work with the Reserve authorities. The membership of this committee is made up of bankers representing their respective districts.

Usually we think of a committee as a group of persons who get together occasionally to hear from certain members who have been doing all the work. The Defense Loans Committee is different, because it will depend for its progress and success, not on the work of a few but on the cooperation it receives from *all* banks.

One thought quite common among bankers today is that the defense program is something in the distance, of no immediate effect in their communities. Granted there is an interlude of deceptive quiet in certain localities, it will not last indefinitely and, barring the sudden ending of the emergency, for one reason or other, every community will feel the results of defense spending directly or indirectly.

The members of the national committee are:

- Chairman J. Harvie Wilkinson, Jr., executive vicepresident, State-Planters Bank & Trust Co., Richmond, Virginia
- Frank L. Converse, vice-president, Merchants National Bank, Boston, Massachusetts—Federal Reserve District No. 1
- Hugh H. McGee, vice-president, Bankers Trust Company, New York.—Federal Reserve District No. 2
- CHARLES P. BLINN, Jr., vice-president, Philadelphia National Bank, Philadelphia, Pennsylvania—Federal Reserve District No. 3
- SIDNEY B. CONGDON, president, The National Bank of Cleveland, Cleveland, Ohio—Federal Reserve District No. 4
- W. J. WALLER, vice-president and cashier, Hamilton National Bank, Washington, D. C.—Federal Reserve District No. 5
- R. CLYDE WILLIAMS, executive vice-president, First National Bank, Atlanta, Georgia—Federal Reserve District No. 6 (Eastern Section)
- KEEHN W. BERRY, president, Whitney National Bank, New Orleans, Louisiana—Federal Reserve District No. 6 (Western Section)
- MARK A. Brown, president, Harris Trust and Savings Bank, Chicago, Illinois—Federal Reserve District No. 7
- W. L. Hemingway, president, Mercantile-Commerce Bank & Trust Co., St. Louis, Missouri—Federal Reserve District No. 8
- S. S. Ford, president, Northwestern National Bank & Trust Company, Minneadolis, Minnesota—Federal Reserve District No. 9

- THORNTON COOKE, president, Columbia National Bank, Kansas City, Missouri—Federal Reserve District No. 10
- F. F. FLORENCE, president, Republic National Bank, Dallas, Texas—Federal Reserve District No. 11
- ANDREW PRICE, president, National Bank of Commerce, Seattle, Washington—Federal Reserve District No. 12 (Northern Section)
- EDWARD ELLIOTT, vice-president, Security-First National Bank, Los Angeles, California—Federal Reserve District No. 12 (Southern Section)
- HARRIS C. KIRK, vice-president, American Trust Company, San Francisco, California—Federal Reserve District No. 12 (San Francisco Section)
- George S. Eccles, president, First Security Bank of Utah N. A., Ogden, Utah—Federal Reserve District No. 12 (Salt Lake City Section)

Each district is further organized in whatever degree is necessary for good geographical coverage. For this reason there are differences between districts both in the way they are set up and in the method of procedure. Banking will publish material from month to month on the work and plans of the committee members, both principal and subsidiary groups, and will not attempt in this one issue to go beyond furnishing a brief introductory description of the committee machinery. The names of many diligent workers in the vineyard must therefore be omitted.

Boston. . . .

Frank L. Converse, chairman for the First District, is supported by state sub-committees representing Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut. Regional meetings are being held in each area to distribute information from the national committee and from the Federal Reserve Bank of Boston. Contact will be maintained with every commercial bank in the district.

The objectives of the chairman and the state subcommittees will be to keep all commercial banks in the district apprised of reports, rulings and information from Washington, regarding contracts awarded, names of contractors, types and amounts of contracts. The aim will also be to keep the Defense Commission advised of the names of small business concerns which should be included in the invitation bid list. It is also planned to take care of the matter of publicity with reference to this program. In the matter of financing contractors, every effort will be made to place the purveyor's loans through his bank with resort to government agencies only as a last alternative.

New York....

HUGH H. McGee, chairman of the Second District, has established sub-committees within the framework of the eight New York State group organizations already in existence. Two other sub-committees have been set up for the portions of New Jersey and Connecticut within the Second District. The chairman for each of these sub-committees, together with representatives of the Federal Reserve Bank and the secretary of the New York State Bankers Association, form the supervising committee for the district.

All committee members have been active in their

respective areas through meetings of bankers and businessmen. One purpose has been to induce business concerns not already engaged in defense work to register with the Defense Commission through their Federal Reserve bank. A wide distribution has been made of various pieces of printed information, such as Special Bulletin No. 82 on National Defense Loans, issued by the Bank Management Commission of the American Bankers Association. Copies of the Government's booklets, Selling to the Navy and Army Purchase Information Bulletin, were also made available to bankers at these meetings.

The chairman of the district reports that a frequent and difficult problem from the bank's point of view has been that dealing with the requirements of small subcontractors. He believes that action giving the banks some protection in this field would aid greatly in furthering the program. He reports that the members of his committee are keen and alert and very active in all of their efforts.

Dr. Harold Stonier, Executive Manager of the American Bankers Association, attended the meeting held in New York City and made the following suggestions:

1. Give full and careful consideration to all applications for defense loans; make every effort to make such loans bankable; extend a defense loan applicant your fullest cooperation through any channel which will satisfy his needs.

2. Cooperate with the National Defense Advisory Commission by having all manufacturers, large or small, in a given community capable or potentially capable of doing defense contract work register with the Federal Reserve bank.

3. Keep complete records of all defense loans made or rejected.

Philadelphia....

CHARLES P. BLINN, Jr., chairman for the Third District, set up his sub-committees along the same lines as those in the Second District. For example, there are six groups in Pennsylvania, each of which has its own committee set-up and chairman. There is also included in this district part of New Jersey and Delaware. The chairman has met with members of the sub-committee and discussed the program with the officers of other banks in Philadelphia. He reports that everyone seems to have a good understanding of the defense loan situation.

He states that the local chapter of the Robert Morris Associates had a panel discussion at which officers of the Philadelphia banks were present and the chairman addressed this meeting.

The chairman is ready to proceed with any required program as the defense loan situation becomes more active.

Cleveland....

SIDNEY B. CONGDON, chairman for the Fourth District, arranged for a meeting attended by bankers from various cities in Ohio, as well as from Pittsburgh, which is in this district. Others attending were officials of the Reserve bank in Cleveland and officers of the Ohio Bankers Association.

Additional members of the A.B.A. Committee





George S. Eccles

Harris C. Kirk

President P. D. Houston has added two members to the National Defense Loans Committee of the American Bankers Association. They are Harris C. Kirk, vice-president, American Trust Company, San Francisco, and George S. Eccles, president, First Security Bank of Utah N. A., Ogden. The committee now numbers 17 prominent bankers, and photographs of the others appeared last month

The chairman reported on President Houston's Washington meeting and arranged for the distribution of information about contracts and the part that banks should play. Arrangements were made for group meetings throughout the district and the chairman reports an earnest desire on the part of everyone to cooperate in the program.

The Ohio Bankers Association was the sponsor for various meetings within the state during January, and more such meetings will be held in February.

It is planned to set up a general district committee representing banks in western Pennsylvania, parts of West Virginia and Kentucky and each of the geographical groups in the state of Ohio. This, of course, is an arrangement similar to those previously described.

Washington, D. C. . . .

WILLIAM J. WALLER, reporting as chairman for the Fifth District, indicates substantial progress in getting his sub-committee machinery in good working order. Mr. Waller's district includes North Carolina, Virginia, Maryland, South Carolina, part of West Virginia and the District of Columbia. A chart showing the full sub-committee appears with this article (also a similar chart for the 8th District). These were selected merely as examples of regional organizations because space does not permit giving a complete roster of sub-committee members for all districts at this time.

Meetings have been held in various states comprised in this district and in certain cases schedules of subsequent group meetings were arranged for the purpose of bringing essential information directly to the attention of all banks in the area.

Among other items touched upon was the necessity of cooperating with the Federal Reserve authorities in completing the inventory of manufacturers and potential defense suppliers.

It should be pointed out that the various sub-committees in this and other districts usually consist of a number of additional bankers widely dispersed and providing representation in all parts of the area.

Chairman Waller makes two suggestions based on his

close contact with this work since its inception and on his excellent experience with the program.

First, there should be a distinctive title for each of the state groups, for example, the Virginia Bankers National Defense Loans Committee.

Second, each state group should furnish to the Federal Reserve bank in the district a list of names of bankers who might be used as "key men" for communications from the Federal Reserve.

Atlanta. . . .

R. CLYDE WILLIAMS, chairman for the eastern section of the Sixth District, has a sub-committee consisting of three members, and meetings have already been held in each of the districts. He reports widespread interest in the work and a complete willingness to cooperate on the part of all bankers. All the meetings were well attended and there was an opportunity to hear talks by Federal Reserve authorities and officials of the American Bankers Association. Mr. Houston himself was present at the Nashville meeting and made an address.

Plans now call for additional meetings in various parts of the area under the sponsorship of local and group organizations.

It is noteworthy in all of these reports from various districts that the newspapers are cognizant of the importance of what the bankers are doing and are giving the program considerable attention.

Chairman Williams says that frequent meetings in sub-districts are imperative for the success of the program. He believes that experience has shown that new problems are developing right along and that information about them should be in the hands of all banks as soon as possible.

New Orleans. . . .

KEEHN W. BERRY, who is chairman for the western section of the Sixth District, has organized sub-committees in Alabama and Mississippi, with a committee for Louisiana in the process of formation. There was a meeting of the Louisiana and Mississippi bankers in New Orleans and one for Alabama bankers at Birmingham. Both were very successful in getting the work under way. Mr. Berry says that there was unusual interest indicated both in the attendance and the kind of questions asked. The chairman has pursued a course similar to that in other districts in supplying banks with information about defense loans and the requirements of the Army and Navy as to materials.

Mr. Berry also reports a suggestion that he made to members of his state organization, that they subscribe for certain publications in order to keep in touch with the contract operations of the Government and that they designate somebody in their organizations to follow up this material and make use of it.

Chicago. . . .

MARK A. BROWN, chairman for the Seventh District, launched his program vigorously with a meeting in Chicago attended by groups within the various states of the district. He reports the purpose of the meeting was both informative and inspirational and considerable attention was given to the spirit in which banks should take part

in the defense program. Present for the discussions were representatives of the Federal Reserve bank.

Subsequent to the meeting the whole district was well organized by the formation of a committee, whose members are holding meetings for the bankers in their respective local areas. State associations are giving their full cooperation and have been helpful in many ways. Bulletins have gone out to state association members telling them all about the committee and the program. The state associations are including the subject in their mid-Winter meetings and plans for the future involve a continuation of all efforts toward keeping the banks of the district fully informed.

Again, as in most other instances, each of the state chairmen has his own committee and in each state various groups are frequently represented by sub-chairmen and group committees.

St. Louis. . . .

W. L. Hemingway, chairman for the Eighth District, has organized sub-committees representing Missouri, Arkansas, Tennessee, Kentucky, Mississippi, Illinois and Indiana. A chart of the personnel of the Eighth District appears with this article.

Mr. Hemingway was guided in his selections, to a large degree, by geographical locations and the manufacturing importance of an area.

The work began with a meeting in St. Louis and every bank in the district was supplied with the A.B.A. booklet on national defense loans, together with copies of the booklets on Army and Navy requirements.

The state associations, as in every instance, have been very cooperative. For example, the Missouri Bankers Association sent out a letter dealing with the subject and urging the banks to keep a record of all applications and to help in every possible way to facilitate the financing.

Complete information is being made available, through cooperation with the St. Louis Chamber of Commerce, about plant facilities in the St. Louis area.

Dallas. . .

FRED F. FLORENCE, chairman for the Eleventh District, has been very active and successful in getting his regional organization under way. There was a large meeting in Dallas, attended by bankers from all over the district, and each one of these attending banks has designated an executive officer to receive and clear all defense loan applications in his institution. The same individual will keep in touch and cooperate in every way with the National Defense Loans Committee. Officials of the Texas Bankers Association and Reserve officials cooperated in the meeting, which adopted resolutions pledging support and every assistance.

All necessary information is to be made available to banks in the area. Where loans cannot be prudently made by the bank receiving the application the banks are being urged to put the applicant directly in touch with a correspondent bank, or with the Reserve bank or with the R.F.C.

One of the resolutions suggested that the Texas Bankers Association "be requested to appoint committees and, through meetings in each district or otherwise, ar(CONTINUED ON PAGE 90)

Example of a Regional Defense Meeting

NEW EXPERIMENT in defense organization was undertaken last month by Group IV of the New York State Bankers Association and the chambers of commerce of nine central and northern New York counties. This event brought together more than 300 bankers and manufacturers in a joint meeting at Syracuse, for the purpose of marshalling the banking and industrial resources of the area behind the national program.

The luncheon session was conducted as an open forum. Speakers representing banking and the Army and Navy procurement divisions outlined in detail the methods of obtaining and financing defense contracts. Guests were later invited to lay before these experts any and all individual problems and questions.

The main objective of the meeting was to line up small industries—capable of doing some part of defense work well—for the large contractors already engaged upon contracts or on the bid lists for future work. Some 500 million dollars of the current budget is slated for this area of New York State and it was predicted that every available resource could be put to work in time either on contracts or on sublet jobs.

George T. Newell, vice-president, Manufacturers Trust Company, New York City, and member of the A.B.A. Bank Management Commission, opened the session with a review of the study undertaken by the A.B.A. shortly after the Assignment of Claims Act of 1940 was signed by the President. Particular reference was also drawn to the Commission's Special Bulletin No. 82, which may be properly called a guide to defense financing. Mr. Newell urged the manufacturers to look upon their local banks not only as financial reservoirs to be drawn upon for plant expansion loans, for financing new equipment and buying raw materials, but also as clearinghouses of information because of their close contact with the Federal Reserve and their business and personal relationships with other manufacturers in their respective areas.

Left to right, A. M. Roberts, Little Falls (N. Y.) National Bank; R. B. Wiltsie, Federal Reserve Bank, Buffalo branch; George T. Newell, Manufacturers Trust Company, New York



R. B. Wiltsie, assistant manager, Federal Reserve Bank, Buffalo Branch, and member of the Defense Lending Committee, Second Federal Reserve District, followed with an explanation of the function of his organization in area defense enlistment.

"We hope to put the latent manufacturing facilities into use first by learning exactly where they are situated and in what condition they are in, and second, by giving them every assistance that is requested or required," he said.

He also pointed out that conditions warranted more elasticity in the customary yardsticks of credit.

"If it is not furnished by private institutions," he concluded, "then the Government will have to do it."

Following the banking viewpoint, Commander Elmer Kiehl, Naval Inspector of Ordnance of New York State, described the framework of naval procurement and outlined the specific qualifications and contingencies for obtaining naval contracts.

Colonel Roy L. Bowlin, army inspector of ordnance for the Rochester district, also outlined the procedure for obtaining Army contracts.



Above, left to right, Commander Elmer Kiehl, naval inspector of ordnance, New York State; Mayor Rollin B. Marvin of Syracuse; Colonel Roy L. Bowlin, U. S. Army Ordnance

Below, left to right, Mr. Wiltsie; M. H. Eisenhart, president, Bausch & Lomb, Rochester; Commander Kiehl; Jerome D. Barnum, publisher, Syracuse Post-Standard



PHUTO

Decentralizing Defense Loans

(CONTINUED FROM PAGE 88)

range for the procedure herein suggested to be carried out by all the banks in Texas."

Minneapolis. . . .

SHIRLEY S. FORD, chairman for the Tenth District, has had one general meeting of interested bankers and Federal Reserve officials and at that time appointed the leaders of the various state bankers associations in Montana, North and South Dakota and Minnesota as channels for disseminating information. As necessity arises sub-committees will be appointed in various cities.

Mr. Ford reports that the defense efforts of the bankers in his area have received much favorable publicity.

The chairman states, also, that those attending the general meeting represented most of the communities in the district which could be considered industrial. The program, following a course similar to those of other districts, emphasizes chiefly the dissemination of information about plant facilities and the needs of the Army and Navy.

Los Angeles. . . .

EDWARD ELLIOTT, chairman for the southern section of the Twelfth District, is proceeding with the work, although it has not been necessary thus far to appoint sub-committees.

It is the view of Mr. Elliott that nine-tenths of the lending, for the present at least, will be handled in the larger cities. Through the branches of the large banks in this area almost all communities will be adequately covered in case there is any need for defense loans.

The program has been discussed with the executive and legislative committees of the California Bankers Association and it is being planned to send a letter to each bank, stressing the importance of keeping abreast of the situation and making sure that any applicant for a defense loan has most complete consideration given to his proposal. It is being suggested that if the local bank cannot handle an application, reference should be made to a city correspondent or to the Reserve bank or to the R.F.C. As in other districts, bankers are being urged to keep a record of all loans declined, with the reasons therefor. The city banks in various centers are supplementing this move with a letter to their correspondents, offering assistance in cases where the local bank is unable to handle an application.

Chairman Elliott reports that the Reserve authorities in his area have done an excellent job informing bankers about the defense loan situation.

San Francisco. . . .

HARRIS C. KIRK, chairman for the San Francisco section of the Twelfth District, reports that the Reserve bank officials have been in touch with the principal independent banks in the territory before the formation of the present committee and that already they have accomplished a great deal. Arrangements have been made, for example, for the designation of special officers to handle defense loans.

Chairman Kirk feels that one of the most important jobs to be done by committee members is to impress all banks with the urgency of the situation. He has sent a letter along this line to the banks in the district, suggesting cooperation with their correspondents and careful consideration to every applicant.

He reports that arrangements are being made with J. E. Drew, public relations director of the California Bankers Association, to furnish an editorial for newspaper use describing the bankers' program. Mr. Drew is also lining up a number of bankers to talk on national defense and the part that bankers are taking in the effort

Kansas City....

THORNTON COOKE, chairman for the Tenth District, has a very large territory to cover. About 50 bankers from the various states of the district attended a preliminary meeting and Mr. Cooke reports that there was enthusiasm and interest on the part of all present.

The Kansas group formed a committee and decided to hold meetings throughout the state. Additional efforts will be made by the Kansas committeemen to get information about machine shops and plant facilities of every kind. Colorado plans a state meeting and Nebraska has sent a bulletin to all members. Wyoming bankers are looking into the possibility of fixing up some old potash and shale plants for defense purposes and are examining all phases of the financing problem. The Missouri committee is likewise on the job and work is proceeding toward the organization of committees in New Mexico and Oklahoma.

Constant contact is maintained with the Federal Reserve authorities through Chairman Cooke.

Ogden. . . .

GEORGE S. ECCLES, who only recently has been designated to serve as chairman for the Salt Lake City section of the Twelfth District, has already accomplished much in a short time. He is endeavoring to furnish bankers in his area with all the necessary facts and plans to work closely with industrial concerns through the medium of manufacturers' associations.

Seattle. . . .

Andrew Price, chairman for the northern section of the Twelfth District, reports that successful meetings were held at Seattle and Portland permitting full discussion of the defense loan program. Bankers were urged to get in touch with their customers as soon as possible and see that their names were placed on invitation lists for bids on government work, materials and supplies. Special emphasis was laid on encouraging the use of private banking facilities. Banks were advised to hold meetings of officers and employees for the purpose of explaining the program.

Representatives of the Federal Reserve banks in each city attended the Seattle and Portland meetings and contributed valuable suggestions.

Information on bidding for Army and Navy work was distributed to all bankers present at the meetings. Committees have been named representing the bankers' associations of Washington and Oregon.

ORGANIZATIONS AFIELD

JOHN J. McCann reports on activities of national, state and local bankers' organizations.

Get Acquainted

A RECENT bulletin of the Ohio Bankers Association urged member banks to establish early contacts with newly elected legislators and incumbents to the end that they may enlist representative support on important banking matters when both senate and assembly convene.

Service Charge Manual

THE bank management commission of the Kansas Bankers Association has compiled and issued a "Service Charge Manual." Published in spiral binding, it is illustrated with several forms as well as hypothetical account analyses. The commission suggests that the information be used for discussion at special meetings of county associations, believing that efforts toward uniformity should start with each county and spread out to statewide proportions.

Defense Cooperation



CONNECTICUT BANKERS have appointed a special group to contact local industries and analyze their financing requirements on present and future defense contracts. The group is

charged with the responsibility of promoting national defense projects within the state and acting as liaisons between industry and the association. Opportunities for defense loans or other cooperation will be passed along to the nearest local institution. Like other state groups, Connecticut bankers are anxious to see that home industries get their share of defense spending and, moreover, that they are not bottlenecked for the want of cash loans.

Billboard

A COMPREHENSIVE study on promoting financial institutions and services with outdoor advertising has been released by the Financial Advertisers Association. This 32-page report illustrates case experiences of the successful use of the medium for various institutional and promotional jobs. It is, in short, a handbook covering the subject from both a technical and practical side. Chapters discuss circulation, markets, copy and art, and costs. A directory of 239 member banks using the medium is also given. Copies are available for the asking. Address Preston E. Reed, Executive Vice-president, 231 S. LaSalle Street, Chicago.

Essay Contest

ONE OF THE main features of Michigan bankers' recent "Coming Generations Week" program sponsored jointly with the public school system was a state-

wide student essay contest. During the week 471 bank and trust companies had open house for high school students so that the young people might have first-hand study and research in preparing their 150 word manuscripts on "Why I would choose banking as my life's work." Final winners will receive \$75, \$50 and \$25, an all-expense trip to the Grand hotel at Mackinac Island, an all-expense weekend trip on a Great Lakes excursion steamer, and box seats to a Detroit Tiger baseball game.

Junior Organization



NEBRASKA JOINS the growing list of state associations sponsoring junior member groups. President Carl D. Ganz, acting upon a convention resolution, has appointed a committee to work out the details of the new organization.

The group will be modeled after the more active junior associations which have so successfully proven their value in handling the secondary affairs of senior organizations. It will be set up on a self-supporting basis, with representation at senior councils.

Public Relations

WISCONSIN BANKERS have issued a list of 32 county agents who have 16 mm. sound moving picture equipment available to show the popular association film "Your Money and Mine" in communities without theatres and motion picture operators. By this means the association hopes to complete 100 per cent circulation of the film. The list also suggests the potential equipment available through the same sources in other states which may consider the possibilities of visual education.

New Agricultural Activity



THE AGRICULTURAL DIvision of the OKLAHOMA BANKERS ASSOCIATION is experimenting with a new project in five counties, one in each of the state's five groups. To supplement 4-H club activities and regular farm loans,

the new undertaking is directed toward rendering a real service to farm women, many of whom support the larder by tending flocks of chickens, churn and sell butter and butter fats. By working through county home demonstration agents, the committee hopes to make the lot of the housewife easier by interesting her in piped water and automatic drainage and other household improvements. The housewife's note will be honored on an amortization basis.

Country Banks' New Competition

C. M. HARGER

One of the problems studied by the Agricultural Credit Department of the American Bankers Association is the competition offered banks by Government credit agencies. Mr. Harger, a director of the Abilene (Kansas) National Bank states the problem graphically in this article.

THE farmer-customer who entered the bank was an individualist—in overalls, a leather jacket and with a determined face. He stated his desire abruptly: "I want to borrow \$600 on my cows, chickens and farm machinery—it's plenty. What will you charge?"

The banker knew his type. "Well, we charge on such loans 8 per cent but you are a good customer—it will be

"A Federal fellow was out to my place the other day—he'll give me Government money for 3."

The banker explained—the absence of red tape, the services the bank could give, etc., but to no effect. "I guess I'll get it where it's cheapest—it's the same

money, ain't it?" was the parting reply.

Country bankers are meeting that problem daily. They are in competition with the Farms Security Administration, the Production Credit Association, the Farm Credit Administration, not to mention the HOLC and the Farm Land Bank, in a definite and pressing manner. All these functions with practically unlimited funds behind them have their agents actively proselyting. They are seeking business. They visit the bank's customers, present attractively their proposals—at a low rate of interest. Through the membership in the AAA, which is almost universal in the farm country, they have an entree to the farmer's approval, and the bank loses the loan.

These agents take an interest in the farmer's plans, attend farm meetings, point out ways to improve his stock. The county agent lends his influence in promotion and altogether there is a definite pull on the sympathies. Unless the prospect has a firm loyalty to his bank and has confidence in its services his adherence to local financial concerns is weakened.

It was not only, say, the \$9 interest that the bank lost in the above instance, but the result lessened somewhat the customer's dependence on his banker. Subconsciously he realized that he was able to dictate to his banker, that he was no more compelled to abide by the rules of the bank.

"How effective this new competition will prove in the long run", said a country banker, "will depend on the attitude of the banker. Mere criticism will not do. Unless he can manifest such a personal interest in the farmer's affairs and outlook that he establishes confidence in his bank's services he may expect to see the business of the Federal agencies increase and consequently the business of the banks decrease."

In some instances the banker fails to embrace opportunities of showing his interest in the farmer-customer's affairs. Last Summer one state's live stock commission conducted beef tours in 24 counties, taking along experts from a state college and dispensing information of value to the stockman. With them went business men and representatives of chambers of commerce, but only four bankers were interested sufficiently to join the party in their own county. Here was a chance for the bankers to get education in judging the debt-paying ability of his customers. The place to do intelligent talking about proper farm programs is on the farm.

One banker said he made it a practice to visit his farmer customers, taking time off afternoons and going out to the farms. "But it did not work," he admitted. "The customer felt that there was something patronizing in my visit, that I was prying into his affairs or that I mistrusted him. I concluded that information and assistance must be incidental and not abrupt or with an apparently personal probe."

Perhaps the most direct method by which the banker can reach his rural customers is through the newly or-

ganized Federal Land Use program.

Some 15,000 persons representing county committees, in 670 counties scattered over 44 states, are now lined up to study local problems—crop yields, erosion, living standards, debt burden, farm tenure and other related facts. Maps are made of communities, then consolidated into county maps, giving a picture of actual conditions. Then the Land Use program proposes to do something about it. One bank reports that it assigns one member of its force to work outside the institution, aiding in this phase of the community's development.

The country banker has some remedies. He may lessen the competition by larger advertising appropriation setting forth the advantages he can give over a Federal agency with its red tape and delays. He may come in closer contact with the community life. The day is past when he can conduct his bank by sitting behind a desk. More small banks will liquidate or merge. The institutions that survive and become profitable in the smaller towns will be those facing conditions as they are and organizing their activities as to hold their customers.

A cattle inspection for the Swift County Bank of Benson, Minn., which operates the credit corporation referred to in the article on page 93. The men, left to right, are Mayor L. N. Pearson of Benson; R. G. Hanson, the bank's board chairman, who is making the inspection; and R. M. Lang, owner of the cattle



Merchandising Farm Credit

KENNETH McLaren of the A.B.A. Agricultural Department staff, reports here on how two banks have met competition from Government credit agencies.

ACCORDING to Oluf Gandrud, president of the Swift County Bank of Benson, Minnesota, the application of a little merchandising technique to the business of banking will enable the banker to place the majority of his loans at a fair rate of interest and aid him in competing with agencies whose funds are obtained from a larger reservoir of savings than exists in the local community.

Reflecting upon his pre-banking experience as a merchant Mr. Gandrud tells of a variety store down the street whose owner one morning set out a barrel of brooms on the sidewalk, on which was a tag reading "69 cents each". Mr. Gandrud's store had a stock of cheap brooms which were promptly displayed with a price tag "59 cents each".

The reaction of each customer who became interested in the bargain was, however, the same and revolved around whether the broom was good, to which the answer invariably was: "Yes, for the price. But if you want a really good broom we have one at a higher price that was made in our own town with local labor and materials and under this store's personally supervised specifications." Thus, for every broom sold at the lower price, a dozen locally manufactured products changed hands, accompanied by a greater benefit to the community, more satisfaction to the purchaser and a better profit to the store.

Applying this merchandising technique to banking, Mr. Gandrud added a new ware to his stock of credit facilities—a new source of credit—the Swift County Agricultural Credit Corporation. This was in 1931 when a shortage of loanable funds seemed likely because of declining deposits; and he organized this corporation with discount privileges up to ten times paid in capital and surplus at the Federal Intermediate Credit Bank of St. Paul. The common stock of \$10,000 was purchased and still rests principally with the Swift County Bank's directorate. He thus summarizes the advantages of his bank's operation of this corporation:

First, it taps a source of funds, in part provided by the centralization of country bank deposits with the large city banks who, in turn, purchase the F.I.C.B. debentures at a rate which in 1939 reached a low point of .44 per cent.

Second, it affords a means of liquidation of agricultural loans within the bank in the event of declining deposits due to crop failures or to conditions such as were experienced in 1932 and 1933.

Furthermore, it affords a successful solution to Production Credit Association competition in that it enables the bank to provide the lowest possible competitive rate of interest for the "loan rate shoppers". A further inducement to dealing with the bank's credit corporation as against the Production Credit Corporation is that there is no stock purchase requirement made of the borrower.

With a larger demand for loans than it could supply from deposits, the Hightstown Trust Company in Hightstown, New Jersey, in 1928 obtained from the Federal Intermediate Credit Bank of Springfield, Massachusetts, a charter for the Hightstown Agricultural Credit Corporation. As in the case of the Swift County Corporation, capital in the amount of \$10,000 was subscribed and paid for and of this amount 96 per cent was purchased for the bank's investment portfolio.

Although the pressure for funds is now non-existent due to the growth of the Bank, the Agricultural Credit Corporation continues to be actively maintained. In the words of Ernest J. Thompson, vice-president of the trust company: "All loans of the corporation are guaranteed by the bank and are never used as a competitive tool against the other banks in the community. Rather, this loaning service is employed to supplement the bank's facilities to its outstanding farm customers whose credit standing and payment record make preferential rates desirable."

The relative size of the note portfolios of the two corporations and their affiliated banking institutions is clearly illustrated by this table of loans outstanding:

	Swift County (December 31) Credit			Hightstown (June 30)	
			Qui	Credit	
	Bank	Corporation	Trust Co.	Corporation	
1935	\$276,149	\$43,931	\$396,308	\$50,650	
1936	323,894	55,097	393,694	52,400	
1937	364,806	51,208	368,449	29,250	
1938	443,379	69,382	322,173	45,700	
1939	449,418	71,406	314,043	46,050	
1940	497,627	76,269	377,531	52,350	

Such a \$10,000 corporation could not be justified except as a corollary of the bank itself which absorbs office equipment and clerical overhead and supplements its facilities to those of the corporation. While differing in provisions affecting stock control and to a degree in type of credit extended Mr. Gandrud and Mr. Thompson have proven to their own satisfaction that an agricultural credit corporation affiliated with their banks enables them to keep a full stock of credit on their shelves to merchandise so that their customers will not have to go down the street to a competitor.



The Forum Season







Mr. Sanderson

PUBLIC relations, an important phase of American Institute of Banking activity, is a primary topic of interest at the forum meetings held at this time of year by Institute chapters throughout the country.

Left, in announcing the new National Public Relations Committee (page 97), President J. LeRoy Dart named John D. Arthur, Cleveland, chairman of the Northern division; J. Kaye Ewart, Tacoma, chairman of the Western division, and W. L. Sanderson, Washington, chairman of the Southern division. A photograph of Mr. Arthur was not available as BANKING went to press

Right, one Institute forum wasn't held soon enough to make this issue of BANKING. As evidence of good intentions we reproduce a call to the members of Lancaster (Pa.) Chapter; later you'll see those who answered the summons

BANKING

THE MAGAZINE OF THE AMERICAN BANKERS ASSOCIATION

Will take a photograph of cur

A. I. B. FORUM MEETING next Friday Evening.

This picture will be used in a subsequent issue of the Magazine, and I hope that we will have a large attendance.

LANCASTER CHAPTER, A. I. B. Wallace L. Robinson Secretary-Treasurer,

Below, Elizabeth (N. J.) Chapter and the Union-Middlesex-Somerset County Bankers Association held a joint forum meeting in Elizabeth on January 8, at which National Educational Director William A. Irwin spoke on inflation. Dr. Irwin is seated at the head table, fourth from left



Monthly Loan Figures

WHILE the Research Council of the American Bankers Association is preparing for its next semi-annual survey of bank lending, bankers may be interested in the system one bank has developed for a monthly check on its loans, both as a means of keeping itself informed and of facilitating periodic compilation of the figures for the A.B.A.

The bank is the American National of Kalamazoo, Michigan, to whose president, Dunlap C. Clark, BANK-ING is indebted for the following outline of the method:

The monthly computation, Mr. Clark reports, requires not more than an hour, and considerably less time is needed for the half-yearly totals.

The items set up by the bank, showing unit and dollar volume, are:

COMMERCIAL LOANS

(Real estate and F.H.A. Title I excluded)

- New. (Includes renewals when amounts are increased.) Compiled from reports of loans prepared daily for officers.
- 2. Renewals. Totalled from discount journal, after subtraction of Item 1 above, gives figures on loan renewals.

MORTGAGE LOANS

(Including F.H.A. Title II)

- 3. New. Because of much smaller volume, figures are compiled and counted directly from the auditor's control.
 - 4. Renewals. Compiled as above.

F.H.A. TITLE I

5. Loans. Figures obtained directly from F.H.A. teller.

TOTAL LOANS

6. A total of dollar volume and number from above. (In Items 1 and 2 commercial paper is included, with separate notation made of amount. This is obtained from the commercial paper control ledger sheet.)

Supplementary indicative information also appears:

- Loans outstanding at end of month, dollar volume and number. Sub-head shows amount of commercial paper included.
 - 2. Total deposits at end of month.
- 3. Total lines of credit outstanding at end of month. (Obtained from "commitment card file".)
- 4. Lines of credit in use at end of month. (Obtained by checking commitment cards against discount ledger sheets.)

New loans and renewals are broken down according to size in three groups: up to \$1,000, \$1,001 to \$10,000, and above \$10,000.

These items are tabulated on a spread sheet to show monthly comparisons for 12 months. A similar spread sheet is filed beneath on which are tabulated semi-annual totals. It is these which are transmitted to the American Bankers Association when requested, and are customarily made the subject of advertising copy.

The folder containing this information is circulated, when brought to date, among the officers. It is referred to the bank's executive committee monthly and to the board of directors quarterly.

Protecting the Citizen

To safeguard the private citizen's interest, the increase in public debt incident to the defense program should be lodged as far as possible with investors. Government securities should not be coined into commercial bank credit. Increases in fiat credit are quite as harmful in the long run to the body economic as are increases in fiat currency. Dictates of prudence require that the public deficit not be so financed that the defense program will assume a feverish character to be followed by an equally severe slump.

Only by following conservative fiscal policies will the private citizen be protected, and will our industrial machine operate most efficiently to bring the defense program to a successful conclusion. — WINTHROP W. ALDRICH, Chairman, Chase National Bank.

Directors with Vision

When I asked the president of a bank to what he attributed its unusual growth, he stated that from its inception the institution had had an unusual measure of

substance in the character of people who from its first organizers to its present directorate had been men of unqualified integrity and exceptional capacity.

The influence of its directorate had been reflected in the steady progress of the bank throughout its many years of existence. It had been the pride of the bank to select and maintain a management composed of men who had had vision combined with practicality—vision with an aim and a purpose that had followed a progressive line of action always guided by a sincere desire to serve the community and customers with the maximum of efficiency and benefit. — H. M. J. Lewis, Assistant Vice-president, Manufacturers National Bank, Troy, New York.

Selling Safe Deposit

COOPERATIVE advertising, if consistently used, can make a wide cross section of the people safe deposit conscious. Many things once considered luxurious we take for granted today because they were introduced to us through advertising. — FRANK O. BRAND, General Manager, Empire Safe Deposit Company, New York.

Are You Keeping Up?

Test Yourself with These Questions by Eugene E. Agger

Dr. AGGER is Associate Director of The Graduate School of Banking of the A.B.A. and a member of the Rutgers University faculty. The page references are to the pages on which an article starts in this issue of BANKING.

True or False

- You can safely cash a U. S. Treasury check because of the Federal Government's guaranty behind it. (p. 29)
- A monthly check on loans is useful to a bank both for operating purposes and to assist the A.B.A. in its statistical studies. (p. 95)
- An increase in prices in war times should be absolutely prevented. (p. 22)
- 4. Management in banking rightly limits itself to the care of the bank's loans and investments. (p. 43)
- The Federal Trade Commission upheld the finance companies in their advertising charges on the "discount" basis rather than the "real interest" basis. (p. 28)
- The Secret Service has been unable to obtain a conviction in a majority of the W.P.A. check forging cases. (p. 29)
- 7. Getting new business for the bank is a responsibility of the operating officials and not of the directors.
- Despite favorable rental developments for dwelling houses, financing costs have continued to advance in a majority of American cities. (p. 63)
- The merchandising technique of two banks was impaired by the creation of agricultural credit corporations to supplement the banks' loaning capacity. (p. 93)

Incomplete Statements

(Add the missing word or phrase)

- A system of internal checks in bank administration requires that all transactions pass through at least —— hands. (p. 43)
- The only rigid interest rate regulations now operative in a majority of the states are embodied in the various drafts of the ————— Law. (p. 28)
- 3. To be strong and profitable a bank must be constantly getting ————— business. (p. 26)
- 4. The defense program is likely to have a effect on real estate. (p. 63)
- 5. bankers have appointed a special group to analyze possible defense needs of local industries.
- Simultaneously with the promulgation of G. C. M. 22163 the Bureau — regulations relating to the deduction of debts charged off under instructions of bank examiners. (p. 44)

Take Your Choice

(Check the lettered statements which reasonably complete the opening sentences.)

- 1. In cashing Treasury checks you can rely on (p. 29):
 -a. Drivers' licenses and automobile registration cards for purposes of identification.

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-b. Any indorsement only when signed in your presence.
-c. Indorsements in lead-pencil when clearly written.
-d. A clear rubber stamp indorsement.
- To prevent inflation while at the same time encouraging maximum production a government should (p. 22):
 -a. Fix prices.
 -b. Ration goods.
 -c. Levy excess profits taxes.
 -d. Reduce through taxation or enforced saving consumers' purchasing power.
- To protect business men from losses arising from the cashing of fraudulently indorsed W.P.A. checks a joint committee of interested government departments worked out a scheme involving (p. 29):
 -a. The direct payment of W.P.A. money in currency.
 -b. Correlating the numbering of checks with the numbering of identification cards.
 -c. Staggering W.P.A. payments.
 -d. Warning merchants, etc.
- Planning new business for a bank requires that the directors (p. 26):
 -a. Have collected material bearing on industrial, commercial and social developments within the community.
 -b. Study present and potential banking needs of the community's business firms.
 -c. Assemble their individual knowledge and observation to make a composite whole.
- ...d. Spend large sums on advertising.5. In the survey made by the National Association of Real Estate Boards, factors endangering the supply
- Real Estate Boards, factors endangering the supply by private enterprise of needed housing were said to be (p. 63):
 -a. Rising construction costs.
 -b. Uncertainty as to governmental activity.
 -c. Excessively high rents.
 - ...d. Uncertainty of future market.
- Bankers organizations in various parts of the country have undertaken developmental work in (p. 91):
 -a. Legislative and public administrative relationships.
 -b. Defense industry banking needs.
 -c. Young people's education.
 -d. Junior employee organization.

Programs for March Regional Conferences Ready

New A.I.B. Group Will Coordinate **Public Relations**

To Work With the A.B.A. and States

J. LeRoy Dart, President of American Institute of Banking and vice-president of the Florida National Bank, Jacksonville, announces the creation of a public relations committee consisting of a national chairman, three vicechairmen, and 48 members, to bring about better coordination in public relations activities between the Institute, the American Bankers Association, and state bankers associ-

Eben C. Johnson, assistant cashier, American Trust Company, San Francisco, was



Mr. Johnson

named chairman of the new A. I. B. committee which supplants the original public relations group of 18 members. Mr. Johnson also is a member of the A.B.A. Public Relations Council, of which Samuel N. Pickard, president, Na-tional Manufacturers Bank, Neenah, Wisconsin, is chair-

(Continued on page 101)



Manual Is Guide To Lower Costs New A.B.A. Forms

Book Ready Soon

The manual of simplified banking forms and procedure prepared by a special committee of the A.B.A. Bank Management Commission is scheduled for February publication.

In loose-leaf format, with tabular index and leatherette cover, the book's ten sections will contain over 200 pages. Its text and illustrations, in effect, set up departmental operating procedures which can serve as a guide to lower costs and greater efficiency.

The sections cover: paying and receiving: interior proof and transit; bookkeeping; analvsis: loans and discounts; collections, drafts, certifications and returns; savings; general ledger; sundry functions (safekeeping, filing, destruction of records, auditing); general forms (checks, passbooks, signature cards, resolutions, notes, credit statements, collections agreements, etc.).

With each form there is practical information as to size, paper stock to use, color of stock, and color of printing. There is also an explanation of how to use the information.

A.B.A. Meetings Are Scheduled For New York and Louisville Next Month

Arrangements are virtually completed for the two March regional conferences to be held under American Bankers Association auspices. The New York program, Mar. 5-7, and the conference at Louisville, Mar. 20-21, are expected to draw hundreds of bankers particularly from the East, Middle West and South. President Houston, Vice-presidents Koeneke and Hemingway, and the heads of various Association Divisions, plan to attend one or both meetings.

The programs, drafted under Mr. Houston's direction, are completed. They thoroughly cover current banking subjects. including national defense loans. Emphasis is again to be placed on the panel type of discussion, affording a wide exchange of views. President Houston will open each conference.

Louisville To Have | Many Subjects on

Defense loans, agricultural credit, public relations, new banking services, and improved bank operations are general subjects stressed on the Louisville conference program, Mar.

The conference closes with an evening meeting, open to the customers and friends of Louisville banks, which will be addressed by Dr. William A. Irwin, National Educational Director, American Institute of Banking. President Houston is to be chairman of the meet-

Here is the schedule of topics and speakers for the two days:

Mar. 20, a.m.—"Improved Banking Service Through Effective Cooperation", E. L. Weathers, president, Kentucky Bankers Association, and president, First-City Bank & Trust Co., Hopkinsville, Ky.; "My Banker and I", Dr. Fred C. Wiegman, president, Midland College, Fremont, Neb.

Mar. 20, p.m.—Agricultural credit session. "An Inside Program for Country Banks", W. A. Collings, president, First (Continued on page 100)

a Public Meeting New York Program

A thousand bankers from eastern and New England states are expected to attend the three-day New York conference which will be addressed by more than a score of ex-

Panel discussions will be held on virtually all major banking subjects to be considered, including national defense loans. Among other features are an economic round table and a luncheon meeting. Special problems of savings banks are also to be consid-

Speakers and topics follow. Mar. 5, a.m.-"Savings Bank Service-Today and Tomorrow", Henry Bruere, president, Bowery Savings Bank, New York; "The Outlook for Commercial Banking", Gwilym A. Price, president, Peoples-Pittsburgh Trust Co.

Mar. 5, p.m.-Commercial banks: defense loans. "Defense Loans", J. Harvie Wilkinson, Jr., chairman, A.B.A., National Defense Loans Committee; panel discussion led by Mr. Wilkinson with David C

(Continued on page 101)

22nd Mid-Winter Trust Conference Has Big Program in New York

A varied program was arranged for the 22nd A.B.A. mid-Winter Trust Conference in New York City, Feb. 4-6.

Featuring panel discussions and question periods, the program also scheduled general sessions at which speakers included: P. D. Houston, President of the American Bankers Association; Dr. John J. Gibson, vice-president and general manager, Chartered Trust and Executor Company, Toronto; Mayor John B. Gage, of Kansas City, Mo.; Probate Judge Carl E. Wahlstrom, Worcester, Mass.; J. E. Drew, director of public relations, California Bankers Association; and Mayo A. Shattuck, attorney, Boston.

Two meetings were scheduled for the afternoon of Feb. 5, one full session being devoted to the problems of small trust departments. The other was divided into two parts, the first a corporate trust business symposium, the second a common trust funds symposium.

For the last session a question and answer period was arranged. Trust men throughout the country were invited to submit questions in advance, the answers being provided by a corps of experts in various fields of trust work.

Phelps Banquet Speaker

Others scheduled to participate were Carl Fenninger, Division President and vicepresident, Provident Trust Co., Philadelphia; Dr. William Lyon Phelps of Yale University, guest speaker at the annual Trust Division banquet; Richard G. Stockton, Division Vicepresident and vice-president and trust officer, Wachovia Bank and Trust Co., Winston-Salem, N. C.; Gilbert T. Stephenson, Director of Trust Research, The Graduate School of Banking.

Also, Louis S. Headley, chairman, Trust Division Executive committee, and vice-president, First Trust Co., St. Paul; Harry M. Bardt, vice-president and trust officer, Bank of America N.T.&.S.A., Los Angeles; L. H. Roseberry, vice-president and trust de-



Carl Fenninger
Trust Division President

partment manager, Security-First National Bank of Los Angeles; O. Paul Decker, vicepresident, American National Bank, Chicago; George H. Arnold, vice-president and trust officer, Illinois National Bank and Trust Co., Rockford, Ill.; R. Gregory Page, vice-president, Bankers Trust Co., New York City; E. A. Stuebner, vice-president, Fidelity-Philadelphia Trust Co., Philadelphia; and Samuel C. Waugh, executive vice-president and trust officer, First Trust Co., Lincoln, Neb.

Also, Carl M. Eldridge, trust officer, Newton (Mass.) Trust Co.; John D. Bainer, vicepresident, Merchants National Bank & Trust Co., Meadville, Pa.; E. D. LaRue, vice-president. Montclair (N. I.) Trust Co.; M. B. Slaughter, vicepresident, Merchants National Bank, Mobile, Ala.; John H. Evans, vice-president, McDowell National Bank, Sharon, Pa.; George Roberts, attorney, New York: Ronald M. Kimball, secretary, Continental Illinois National Bank and Trust Co., Chicago; Henry A. Theis, vicepresident, Guaranty Trust Co. of New York; George C. Barclay, assistant vice-president, City Bank Farmers Trust Co., New York; Rodman Ward, vice-president, Equitable Trust Co., Wilmington, Del.; J. M. Johnston, vice-president, Girard Trust Co., Philadelphia; Donald C. Miller, vice-president, Harris Trust & Savings Bank, Chicago; E. W. Marvin, vice-president, Hartford-Connecticut Trust Co.; E. H. McDermott, attorney, Chicago.

Consumer Credit Short Course

by Kenton R. Cravens

Chairman, Consumer Credit Council, A.B.A. Vice President, Cleveland Trust Company

Early next Spring bankers will have the opportunity of attending one of the most important conferences a recent years. It is important because the general subjects to be covered concern what seems to be one of few remaining fields in which a bank may invest its funds with a reasonable degree of safety and at the same time realize a fair measure of profit. It also is a field that offers banks an excellent opportunity for good will building.

This conference is being sponsored by the Consumer Credit Department of the American Bankers Association and will be held at the Statler Hotel in St. Louis, April 23, 24, and 25. It is to be somewhat different from the ordinary conference or convention in that the program is being designed not only for those bankers who have the responsibility for the general management of a bank's consumer credit activities, but also for those men who do the detailed work.

In effect, it will be a short course in consumer credit with rapid-fire, up-to-the-minute topics of benefit to everyone from the collector to the officer in charge. A feature of the conference will be the holding of separate small forums on different subjects. If anyone in attendance wants help on any given problem, he may personally confer with a battery of experts who will be available individually for this sole purpose from the beginning of the conference to the end.

Such a rare opportunity seldom presents itself to consumer credit bankers. Don't miss it!

Insurance Digest Ready in March

Orders for the forthcoming bank insurance digest being prepared by the A.B.A. Insurance and Protective Committee have been received from banks in every state and in larger volume than had been expected. Last minute changes and additions, it is announced, will defer publication until early in March.

"In a work of this kind delays are to be expected," said James E. Baum, committee secretary.

"This delay will be in deference to a better product. We intend making the Digest a most comprehensive, complete and unbiased analysis not only of the forms of contracts designed to meet the peculiar needs of banking, but also a variety of other forms applicable to banks and their customers."

Banks Buy 6,000 Sets of Manual

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Approximately 2,000 banks have purchased about 6,000 sets of "Building Business for Your Bank", the customer relations manual for bank executives and employees recently published by the A.B.A. Public Relations Council.

Twenty-eight state bankers associations are cooperating in the sale of the book by publicizing it and taking orders from their members. Other associations are expected to do so.

A corollary of the order for 200 copies of the manual from a Canadian bank is a letter from the representative of a London bank who asked if he might purchase two copies. They would, he wrote, "be of intense interest not only as regards this country, but also on a comparative basis with our practices in England."

Active A.B.A. Membership Workers







Mr. Driver



Mr. Ridge

Leslie R. Driver, president, First National Bank, Bristol, Tenn.; Thomas Bowron, vice-president, First National Bank, Birmingham, Ala.; and Ray R. Ridge, vice-president, Omaha National Bank, are among the bankers who have recently been active in getting new members for the Association. All three are A.B.A. state vice-presidents

106 New Members for Association In Month; Kentucky's 38 Is High

The American Bankers Association welcomed 106 new members from 13 states in December.

A Membership Committee report for the month shows that Kentucky, contributing 38, was high state. Tennessee, with 13, was runner-up.

Pennsylvania, Missouri and Nebraska had 8 each, and Alabama and Indiana 7. Five banks in Kansas and four in Minnesota were added to the roster. South Dakota's contribution was three new members, while Massachusetts and Michigan each had two and Illinois one.

During the last four months of 1940, constituting the first third of the Association year, the A.B.A. gained 313 new members. Kentucky led with a total gain of 44 for this period and Alabama was second with 41.

Nationals Face Big Defense Job

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Ready for Their Share, Says Price

The national banks will be called upon to shoulder a large share of the defense financing, said Andrew Price, President of the A.B.A. National Bank Division, when releasing analyses of earnings and expense figures for national banks in the year ended June 30, 1940.

"They are prepared and anxious to undertake this task on sound business lines," Mr. Price added.

It is obvious, he said, that the banks are entering upon a year that will tax their ingenu-

ity to meet the increased demands which will be made upon them.

The analyses disclose that salaries and taxes have absorbed the savings resulting from decreased interest paid during the past 10 years, and that whereas total income from loans has increased in the past five years, total income from securities has decreased.

Capital ratios shrank as a result of rapidly mounting deposits, despite a \$70,000,000 rise in capital funds.

"These figures indicate clearly," Mr. Price concluded, "that interest rates have been reduced to an irreducible minimum and that further increases in taxes and other expenses must be provided for by a commensurate increase in rates."

Institute Adds 1,949 Members

Study Groups Show Significant Gain

The American Institute of Banking reflects a continued growth in membership, enrolment, and organization units, as well as in the number of certificates which have been awarded to students.

At the beginning of the year membership had increased over January 1, 1940, by 1,949, or from 66,000 to 67,949. Enrolment, in the same period, climbed from 36,238 to 36,460.

The increase in the number of study groups is of far-reaching significance because the privileges of the Institute are made available to a larger number of bank employees. At the opening of the Institute's Fall term there were 248 chapters, 20 chapter branches, and 118 study groups, totaling 386 units, as against present figures of 254 chapters, 24 chapter branches, 169 study groups, and five study classes, or a total of 452, with others in prospect.

The 10 chapters leading in membership are:

Chicago	3,960
Los Angeles	3,764
New York	3,748
San Francisco	3,173
Philadelphia	2,401
Cleveland	2,123
Minneapolis	1,579
Detroit	1,544
Pittsburgh	1,368
St. Louis	1,272

Bankers Praise Paton's Digest

Volume I Wins Wide Approval

Volume I of the revised edition of Paton's Digest, recently published by the American Bankers Association, received the hearty indorsement of hankers.

About 1,300 sets of the new Digest had been ordered by members prior to publication. The Association hopes that all members will avail themselves of the book so that they may have the use of it pending publication of the remainder of the three-volume set.

Although the list price for the complete Digest is \$30, members may now subscribe for the set and pay for each volume, as completed, at the rate of \$10. Subscription blanks will be sent upon request.

Comments

Excerpts from a few bank letters commenting on the new Digest follow:

"It seems to cover a remarkably broad field, indicating how complex and varied are the problems of banking today. The notes on the scope of the chapters are well written and should prove extremely useful."

"Of course, the old 1926 edition has been indispensable all of these years but to say we are pleased to get this new one is putting it mildly."

"The fourth edition far excels its predecessors. The setup promotes easier reference and the typography is excellent. The volume indexes are very handy."

"This is to express our appreciation for this volume. In looking through it, it appears we can get from it at all times valuable information."

"The new volume appears to be excellent and is bound to prove a very useful reference book for banking institutions."

"The size of type and general typography make it easy reading for an elderly gentleman like myself, the binding is a sample of good bookmaking, and the volume opens nicely. It is a splendid job."

Louisville

(Continued from page 97)

National Bank, Crawfordsville, Ind.; "An Outside Program for Country Banks": John E. Wise, president, Willard (O.) United Bank; panel discussion on agricultural credit, A. G. Brown, Deputy Manager, A.B.A., Mr. Collings, Mr. Wise, and F. P. Spruill, president, Peoples Bank and Trust Co., Rocky Mount, N. C.

Mar. 20, Evening-Public relations session. "The Need for Action", Samuel N. Pickard, president, National Manufacturers Bank, Neenah, Wisc., and chairman, A.B.A. Public Relations Council; "Meeting the Need", Mr. Pickard; Robert J. Izant, vice-president, Central National Bank, Cleveland, and president, Financial Advertisers Association; William T. Wilson, Director, A.B.A. Public Relations Council;" Pulling Together", Dr. William A. Irwin, National Educational Director, A.I.B.: William H. Neal, vice-president, Wachovia Bank and Trust Co., Winston-Salem, N. C.; Ralph Fontaine, secretary, Kentucky Bankers Association: "Down to Cases", William Powers, Director of Customer Relations, A.B.A., assisted by staff members of Louisville banks.

Mar. 21, a.m.—"Better Earnings Through Broader Services", Harry A. Bryant, President, A.B.A. State Bank Division, and president, Parsons (Kans.) Commercial Bank; "Financing Defense Loans", Mark A. Brown, vice-president. Harris Trust and Savings Bank, Chicago, and member of the A.B.A. National Defense Loans Committee; "Increased Income Through Effective Organization of Men and Machines", Ernest S. Woolley, bank consultant and analyst, New York.

Mar. 21, p.m.—"Savings Bank Service-Today and Tomorrow", Roy R. Marquardt, vice-president, First National Bank, Chicago, and President, A.B.A. Savings Division; "Commercial Banking Service-Today and Tomorrow", Gwilym A. Price, president, Peoples-Pittsburgh Trust Co., Pittsburgh; "Legislative Develop-ments", A.L.M. Wiggins, chair-

Louisville Meeting Serves 15 States

Fifteen states are in the area covered by the Louisville regional conference. They are: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri. North Carolina, Ohio, South Carolina, Tennessee. Virginia and West Vir-

man, A.B.A. Federal Legislative Council, and president, Bank of Hartsville, S. C.

Mar. 21, Evening-Public Meeting.

Federal Legislation Summary Issued

The annual summary of Federal legislation affecting banking has been completed by the Committee on Federal Legislation of the American Bankers Association and sent to A.B.A. members.

It is divided into two parts, Part I being a descriptive summary of enacted legislation affecting banking directly or indirectly and Part II containing such important legislation as was pending at the adjournment of Congress.

In a foreword, A. L. M. Wiggins, the chairman of the A.B.A. Committee on Federal Legislation, says:

'All 1940 Federal laws or parts thereof which directly or indirectly affect banking operations have been brought together in this booklet either in full text or in digested form. Also, the more significant features of certain bills which failed of enactment are summarized because future legislative proposals embodying the theories and philosophies underlying these bills may be anticipated."

Legislation failing of enactment included amendments to the F.D.I.C.; Federal Savings and Loan System bill; Jones-Wheeler bill to alter the Federal Land Bank System; the Mead bills to provide credit facilities for small business: amendments to the Wages and Hours Act: and branch banking legislation.

Institute's Executive Council Holds Mid-Winter Meeting in Cincinnati

The mid-Winter meeting of the Executive Council of the American Institute of Banking was held in Cincinnati, Jan. 20-22. Seventeen national officers were present, all of whom attended the annual banquet of Cincinnati Chapter which celebrated the Institute's 40th anniversary.

Dr. William A. Irwin, National Educational Director. led a panel discussion on the status of the curriculum with suggestions for its enlargement and improvement.

Other activities under discussion included reports of individual councilmen on the condition of the Institute in their territories; publicity material used during the current year; Institute finances; chapter administration; candidates for national office; and arrangements for the annual convention in June in San Francisco.

Emphasis was placed on ways and means of extending the influence of the Institute. special consideration being given to bank employees in the smaller communities.

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Officers Present

National officers attending the conferences, besides Dr. Irwin, were: President J. Le-Dart, Vice-president Rov George T. Newell, Secretary Floyd W. Larson, Councilmen Harry R. Smith, David L. Colby, J. A. Reagan, Albert F. Newman, Elmer M. Volkenant. Edward F. Matthews. Garnett Carter, J. H. Gormley, Elmer W. Pollock, C. Edgar Johnson, Erwin V. Holton, William C. Way and William C. Pitner.

A.B.A. Executive Manager Harold Stonier attended in an advisory capacity. Robert D. Hammer, assistant editor of the Bulletin also was present.

Both Dr. Stonier and Mr. Dart spoke at the Cincinnati Chapter banquet, at which Henry G. Reinhart, chapter president, presided.

Promoting Consumer Loans

The Advertising Department of the A.B.A. has just produced a brand-new program of advertising on consumer loans, including newspaper copy, posters, folders and blotters.

Three consumer loan newspaper advertising series are offered-two on personal loans and one on auto loans. Each series consists of 18 advertisements. Two samples are pictured.



economical way to finance a car. You needn't be a depositor. No co-signers or endorsers are required. Fair terms and rates. Come in or telephone for an application form.



"Yes!" is our favorite word

By far the majority of personal borrowers get a favorable answer when they apply here.

- During the past month we granted 8 out of every 10 personal loans applied

When you need funds, don't hesitate to apply here.

SHANCE TOUR WEXT CAR THE BANK WAY

New York Program

(Continued from page 97)

Barry, vice-president, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y., and Broderick Haskell, vice-president, Guaranty Trust Co., New York, participating.

Mar. 5, evening-Public relations, "The Need for Action", Samuel N. Pickard, president, National Manufacturers Bank, Neenah, Wisc., and chairman, A.B.A. Public Relations Council: "Meeting the Need", Mr. Pickard, Robert J. Izant, vice-president, Central National Bank, Cleveland: William T. Wilson, Director, A.B.A. Public Relations Council; "Pulling Together" Dr. William A. Irwin, National Educational Director, American Institute of Banking; William H. Neal, vice-president, Wachovia Bank and Trust Co., Winston-Salem. N. C.; Harold J. Marshall, secretary, New York State Bankers Association; "Down to Cases", William Powers, director of customer relations. A.B.A., assisted by staff.

Mar. 6, a.m.-Round table conference, commercial banks: agricultural credit. "An Inside Program for Country Banks", T. A. Glenn, Jr., president, Peoples National Bank, Norristown, Pa.; "An Outside Program for Country Banks". N. A. Jamba, manager, agricultural department, National Bank and Trust Co., Norwich, N. Y.; panel discussion led by A. G. Brown, Manager, A.B.A. Agricultural Credit Department, with Messrs. Allen and Jamba, and W. J. Kinnamon, cashier, Hunterdon County National Bank, Flemington,

Mar. 6, p.m.-Commercial banks; consumer credit. Symposium conducted by Walter B. French, Manager, A.B.A. Consumer Credit Department; "One Banker's Experience in Long Term Instalment Credit", Frank W. Sutton, Jr., president, First National Bank, Toms River, N. J.; "Insurance Agent Cooperation in Automobile Loans", Allan C. Stevens, president, Great Eastern Fire Insurance Co.

Mar. 6, evening-Economic

States Covered by New York Conference

The New York regional conference territory comprises: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New York, New Hampshire. New Iersev. Rhode Island, Pennsylvania and Vermont.

Current Economic Developments upon Banking." Dr. William A. Irwin, Educational Director, A.I.B.; Willard E. Atkins, New York University; Montfort Jones, University of Pittsburgh: A. A. Friederich. New York University. Dr. Harold Stonier, A.B.A. Executive Manager, presides.

Mar. 7, a.m.-Commercial banks; investments. "Bond Experience, a Study of 4,000 Issues", Dr. George W. Edwards, College of the City of New York. Panel discussion directed by Dr. Paul F. Cadman. A.B.A. Economist, assisted by M. M. Parker, cashier, First National Bank, Lebanon, Pa.; John J. Roe, vice-president, Hudson City Savings Bank, Jersey City; and Murray Olyphant, assistant vice-president. Chemical Bank & Trust Co., New York.

Mar. 7, luncheon meeting. "These Emergency Hours' W. Randolph Burgess, president, New York State Bankers Association, and vice-chairman, National City Bank of New York. Mr. Houston presides.

Savings Bank Program

Mar. 5, p.m.-Savings banking: investments. "Bank Investments During the War", Prof. Marcus Nadler, New York University; panel discussion, "Investments for Savings", August Ihlefeld, Jr., president, Savings Banks Trust Co., New York; C. R. Burgin, vice-president, Ouincy (Mass.) Savings Bank; M. K. Frost, treasurer, Dry Dock Savings Institution, New York; D. C. Rubel, Philadelphia; L. A. Tobie, treasurer, Thomaston (Conn.) Savings Bank.

Mar. 6, a.m.—Savings banking. "Community Parround table, "The Effect of ticipation in the Defense Pro-

New A.I.B. Group

(Continued from page 97)

The three vice-chairmen of the Johnson committee will function as district chairmen in charge of Western, Northern, and Southern districts. In each case the district chairman also serves as chairman of his state.

John D. Arthur, of the Society for Savings, Cleveland, is chairman of the Northern division; J. Kaye Ewart, assistant cashier, National Bank of Washington, Tacoma, is chairman of the Western division, and W. L. Sanderson, assistant cashier, Hamilton National Bank, Washington, D. C., is chairman of the Southern division.

These men will coordinate the work of the Institute and the state bankers associations. Because of the opportunity for these two groups to be mutually helpful, President Dart hopes that state chairmen will be invited to serve on the public relations committees of their state associations.

It is expected that by this action duplication of effort will be minimized, promotion and distribution of material will be expedited, at a saving of money and time, and that better harmony will ensue among the various groups in the promotion of public speaking and the furtherance of bank staff conferences.

A.B.A. Loan Survey **Totals State by State**

	Per cent of Banks	Number	
State	Reporting	of Loans	Total
Ala.	18	138,000	
Ariz.	100	38,000	\$127,000,000 35,000,000
Ark.	32	81,000	48,000,000
Cal.	53	858,000	997,000,000
Colo.	51	106,000	118,000,000
Conn.		191,000	256,000,000
Del.	35	36,000	43,000,000
D. of		88,000	99,000,000
Fla.	28	75,000	67,000,000
Ga.	18	253,000	292,000,000
Ida.	84	84,000	34,000,000
III.	46	480,000	1,730,000,000
Ind.	40	323,000	239,000,000
Iowa	32	296,000	186,000,000
Kans.		347,000	127,000,000
Ky.	16	137,000	156,000,000
La.	26	95,000	192,000,000
Me.	53	66,000	49,000,000
Md.	52	134,000	165,000,000
Mass.		371,000	1,115,000,000
Mich		428,000	449,000,000
Minn		431,000	358,000,000
Miss.	26	65,000	33,000,000
Mo.	30	230,000	468,000,000
Mont		43,000	24,000,000
Neb.	29	138,000	100,000,000
Nev.	63	12,000	9,000,000
N. H		60,000	47,000,000
N.J.	57	567,000	465,000,000
N. M		43,000	20,000,000
N. Y		2,225,000	7,000,000,000
N. C.		277,000	
			269,000,000
N. D		46,000	18,000,000
Ohio	73	722,000	982,000,000
Okla.		190,000	165,000,000
Cre.	52	156,000	161,000,000
Pa.	55	1,467,000	1,806,000,000
R. I.	53	54,000	132,000,000
S. C.	29	94,000	64,000,000
S. D.	51	117,000	38,000,000
Tenn	. 20	225,000	313,000,000
Texa		424,000	570,000,000
Utah	50	36,000	48,000,000
Vt.	36	46,000	20,000 000
	34		
Va.		392,000	306,000,000
Wash		251,000	300,000,000
W. V		149,000	133,000,000
Wisc		348,000	288,000,000
Wyo.	60	36,000	20,000,000
	Total 13	,642,673 \$	20,953,584,028

gram", W. S. Shipley, chairman, York Ice Machinery Corp.; talk by Charles F. Palmeer, U. S. Coordinator of Defense Housing; "A Mort-gage Lender's Dilemma in Connection with the Defense Program", Dr. Ernest M. Fisher, Director, A.B.A. Department of Research in Mortgage and Real Estate Finance.

Mar. 6, p.m.—Savings banking, "A Cooperative Campaign for Selling 'Other' Real Estate", A. H. Hastings, president, Springfield (Mass.) Institution for Savings; "The Value of Personal Loans to a Savings Bank", Mervin B. France, vice-president, Society for Savings, Cleveland; "Our Personal Loan Department ings forum.

Experience", John B. Paddi, assistant vice-president, Manufacturers Trust Co., New Vork.

Mar. 7, a.m.—Panel, savings bank life insurance. W. G. Green, president, New York Savings Bank; C. C. Casady, executive secretary, Massa-chusetts Savings Bank Life Insurance Council; C. V. Coleman, assistant to president, New York Savings Bank; Charles Diehl, president, Empire City Savings Bank, New York; E. N. Hatch, secretary, New York Savings Banks Life Insurance Fund; R. F. Nutting, president, Cambridgeport (Mass.) Savings Bank.

Mar. 7, p.m.—This session will be devoted to a school sav-

CONVENTION CALENDAR

February · 1941

SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
						1
2	3		. MID-WINTER TRUST (ALDORF-ASTORIA, N.Y.		7	8
9	10 MINN BA	11 INKERS' CONF., MIN INDEPENDENT ST. PAI	OHIO B.A. MID- WINTER MEETING, COLUMBUS 12 NEAPOLIS BANKERS ASSOC., UL, MINN.	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

American	Bankers	Association
Allicitedii	Dallacis	ASSOCIATION

- Regional Conference, Waldorf-Astoria Hotel, Mar. 5-7 New York City Regional Conference, Brown Hotel, Louisville, Mar. 20-21 Kentucky National Consumer Credit Bank Conference, Hotel Statler, St. Louis Apr. 23-25 Apr. 27-30
- Hotel Statler, St. Louis
 Annual Meeting, Executive Council, The
 Homestead, Hot Springs, Virginia
 American Institute of Banking, St. Francis
 Hotel, San Francisco
 Annual Convention, Hotel Stevens, Chicago June 2-6 Sept. 28-Oct. 2

State Associations

Apr.	17-18	Georgia, Dempsey Hotel, Macon
Apr.	18-19	New Mexico, Lordsburg
May	8-9	Oklahoma, Oklahoma City
	9-10	North Carolina, Pinehurst
	19-21	Mississippi, Buena Vista Hotel, Biloxi
	12-14	Missouri, Elms Hotel, Excelsior Springs
	14-15	Arkansas, Arlington Hotel, Hot Springs
	14-15	Indiana, Claypool Hotel, Indianapolis
	15-16	Kansas, Kansas City
	21-23	Pennsylvania, Hotel Traymore, Atlantic City
	21-23	Texas, Houston
	22-24	New Jersey, Atlantic City
	22-24	Virginia, John Marshall Hotel, Richmond
	26-28	Illinois, Palmer House, Chicago (Golden

Jubilee)
Ohio, Cincinnati
Wisconsin, Schroeder Hotel, Milwaukee
District of Columbia, The Homestead, Hot
Springs, Virginia
Oregon, Gearhart Hotel, Gearhart Tune June

Minnesota, St. Paul June 11-13

Apr. 18-19

Minnesota, St. Paul
Washington (Place to be announced)
West Virginia, Greenbrier Hotel, White Sulphur Springs
Utah, Grand Canyon National Park Lodge,
North Rim
Idaho, Sun Valley
North Dakota, Hotel Patterson, Bismarck
Montana, New Florence Hotel, Missoula
South Dakota, Hotel Franklin, Deadwood
Michigan, Grand Hotel, Mackinac Island
Maine, Poland Spring House, Poland Spring
Iowa (Place to be announced) June 12-13 June 12-14

June 16-17 June 17-18

June 20-21 June 26-27 June 26–28 June 27–29 Sept. 8–10

Other Organizations

Eastern Regional Conference, The National

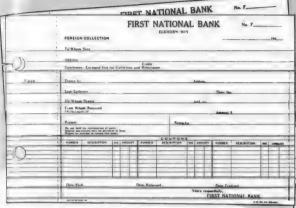
Eastern Regional Conference, The National Association of Bank Auditors and Comptrollers, Boston National Association of Mutual Savings Banks, The Bellevue-Stratford, Philadelphia Association of Reserve City Bankers, Hotel Hershey, Hershey, Pennsylvania Oklahoma American Institute of Banking, Oklahoma City Mid-continent Regional Conference, The National Association of Bank Auditors and Comptrollers, Cleveland Second Bank Management Conference, New Hampshire Bankers Association, Amos Tuck School of Business Administration, Dartmouth College, Hanover National Safe Deposit Association, Hotel Statler, Buffalo, N. Y. Annual Convention, The National Association of Bank Auditors and Comptrollers, Cleveland Apr. 30-May 2 May 4-7 May 10 May 16-17 May 16-17

May 22-24

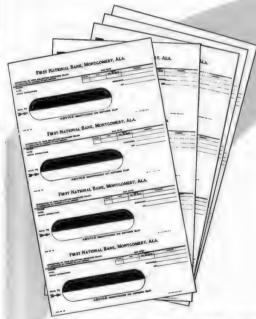
Oct. 8-11

Fel

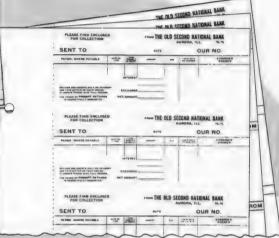
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The soundness of a life insurance company—its ability to fulfill its promises to policyholders — depends on management. Management can be known only by its works. This company is in its 56th year of steady growth. Since 1930, in common with all companies, it has passed through the most trying decade in history, and today it is stronger than ever before.

Soundness of your life insurance plan, however—the accuracy with which it fits your needs—de-

pends almost entirely on the agent. Since 1939 your NWNL agent has been paid, not primarily for the insurance you buy, but for the insurance you keep in force. He is rewarded directly, in dollars and cents, for selling you only the kind of insurance you need, and only the amount you can afford — and for keeping that insurance adjusted thereafter to your changing needs.

He is paid to build you a sound plan, and to keep it sound. A sound company will see to its execution.

FINANCIAL STATEMENT

December 31, 1940

As in past years, this is the first complete and final life insurance balance sheet to be published. Ask your banker, or some other qualified person, to give you his opinion of the intrinsic soundness of this Company's investment methods and management practices.

RESOURCES	
Cash(6.4%)	\$ 5,179,465
U. S. Government Securities(23.7%)	19,172,559
Bonds Fully Guaranteed by the U.S (6.6%)	5,308,261
Canadian Government Securities	437,747
Other Bonds:	
State, County, and Municipal (3.6%)	2,872,423
Railroad Mortgage Bonds (5.9%)	4,781,064
Railroad Equipments. (1.0%) Public Utility	800,097
Public Utility(17.0%)	13,755,352
Industrial(2.2%)	1,789,211
Miscellaneous	208,941
First Mortgage Loans(14.3%)	11,535,507
Policy Loans(11.7%)	9,418,224
Real Estate (Including Home Office Building and	
Real Estate Sold Under Contract)(3.4%)	2,771,991
Premiums, Due and Deferred (2.6%)	2,130,395
Interest Due and Accrued and Other Assets (.8%)	622,966
TOTAL (100%)	\$80 784 203

LIABILITIES	
Reserve on Policies	\$62,560,118
Death Claims Due and Unpaid	. None
Claims Reported but Proofs not Received	162,448
Reserve for Claims Unreported	. 115,000
Present Value of Death, Disability, and Other Claims Payable in Instalments.	4,842,085
Premiums and Interest Paid in Advance	
Reserve for Taxes Payable in 1941	. 290,944
Profits for Distribution to Policyholders	. 2,975,473
Reserve for Other Liabilities	. 2,913,74
Asset Fluctuation Reserve	. 918,502
Surplus Funds and Capital:	
Voluntary Contingency Reserves. \$1,541,931 General Surplus. 2,478,360 Paid-in Capital 1,550,001	
TOTAL	.\$80,784,203

Insurance in Force \$460,034,187 {NwNL's 1940 gain in insurance in force was \$19,463,474 which is 44% greater than 1939's gain.

NORTHWESTERN National LIFE

INSURANCE

O. J. Arnold, President



COMPANY

Minneapolis, Minn.

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brands*, famous from coast to coast for quality. It means a better protected bouse—because Crane plumbing keeps resale values high. It means a house that stays young longer—because Crane plumbing stands years of hard use . . . cuts maintenance cost substantially. And

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